



**THE ANDHRA  
PETROCHEMICALS LIMITED**

Regd. Office :  
VENKATARAYAPURAM  
(Tanuku) - 534 215  
West Godavari Dist. (A.P.)  
Tel : 08819-224075, 224755, 224911 (7 Lines)  
Fax : 08819-224168  
E-mail : info.tnk@andhrapetrochemicals.com  
CIN : L23209AP1984PLC004635  
Website : www.andhrapetrochemicals.com

NO.APL/SEC/AGM/35

25 June 2019

The Relationship Manager,  
Corporate Relationship Department  
The Bombay Stock Exchange Ltd,  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda Building  
Phiroze Jeejæbhoy Towers  
Dalal Street, FORT,  
MUMBAI 400 001

Dear Sir,

Ref: **Company's Equity Code: 500012**

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We attach herewith 35<sup>th</sup> Annual Report of the Company for the Financial Year 2018-19 as required under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

Yours faithfully,  
for **THE ANDHRA PETROCHEMICALS LIMITED,**

**(M V V S V Prasadu)**  
**Dy. Secretary & Asst. Manager (Finance)**

Encls: As above.

**THE  
ANDHRA PETROCHEMICALS  
LIMITED**



**35<sup>th</sup> Annual Report 2018 - 19**

# THE ANDHRA PETROCHEMICALS LIMITED

## Board of Directors

Dr. P Kotaiah, Chairman  
(from 5.8.2018)  
Sri M R B Punja (Chairman)  
(upto 4.8.2018)  
Sri P Narendranath Chowdary, Managing Director  
(from 5.8.2018)  
Sri A A Krishnan  
Sri Surinder Kumar Kapoor  
(upto 7.6.2018)  
Sri Mullapudi Thimmaraja  
Dr. (Smt.) D Manjulatha  
Sri Solomon Arokiaraj, I.A.S.,  
(Nominee of APIDC)  
Smt. Y V Anuradha, I.A.S.,  
(Nominee of APIDC upto 18.4.2019)  
Sri Animesh Kumar Sinha  
(Nominee of IDBI Bank Ltd.,)  
Sri Ravi Pendyala  
Dr. V N Rao  
Sri P Venkateswara Rao  
(from 5.11.2018)  
Sri M Gopalakrishna, I.A.S., (Retd.)  
(from 25.5.2019)

## Key Managerial Personnel

Sri K Narasappa  
President  
Sri P Ratna Rao  
Sr. General Manager (Finance) [CFO]  
Sri M V V S V Prasadu  
Dy. Secretary & Asst. Manager (Finance)  
(from 25.5.2019)

## Statutory Auditors

M/s. C.V. Ramana Rao & Co.,  
Chartered Accountants  
D.No. 1-88-19, Plot No. 135/4  
Sector-4, MVP Colony  
Visakhapatnam - 530 017

## Cost Auditors

M/s. Narasimha Murthy & Co.,  
Cost Accountants  
104, Pavani Estate  
3-6-365, Himayatnagar  
Hyderabad - 500 029

## Secretarial Auditors

M/s. Nekkanti S.R.V.V.S. Narayana & Co.,  
Company Secretaries  
407, Malik Chambers  
Hyderguda  
Hyderabad - 500 029

## Bankers

State Bank of India  
Andhra Bank  
IDBI Bank Ltd.

## Registered Office

Venkatarayapuram  
Tanuku - 534 215  
West Godavari District  
Andhra Pradesh  
Tel : 08819 - 224075 / 220975  
Fax : 08819-224168  
CIN : L23209AP1984PLC004635  
E-mail: [info.tnk@andhrapetrochemicals.com](mailto:info.tnk@andhrapetrochemicals.com)  
[investors@andhrapetrochemicals.com](mailto:investors@andhrapetrochemicals.com)  
Website: [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

## Factory

Opp. Naval Dockyard  
Post Box No. 1401  
Visakhapatnam - 530 014  
Andhra Pradesh

## Registrar & Share Transfer Agent

M/s. XL Softech Systems Ltd.,  
#3, Sagar Society, Road No. 2,  
Banjara Hills, Hyderabad - 500 034  
Telangana  
Tel : 040-23545913 / 914 / 915  
E-mail: [xlfield@gmail.com](mailto:xlfield@gmail.com)

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## THE ANDHRA PETROCHEMICALS LIMITED

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

W.G. District, Andhra Pradesh

Phone: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com

Website: www.andhrapetrochemicals.com

### NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of THE ANDHRA PETROCHEMICALS LIMITED will be held on Wednesday, the 10<sup>th</sup> day of July, 2019 at 3 p.m. at the Registered Office of the Company, Venkatarayapuram, Tanuku - 534215, West Godavari District, Andhra Pradesh, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year 2018-19.
3. To appoint a Director in place of Sri Mullapudi Thimmaraja (DIN 00016711) who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri Solomon Arokiaraj, I.A.S. (DIN 06802660) who retires by rotation and being eligible offers himself for reappointment.
5. To fix remuneration of Statutory Auditors M/s C V Ramana Rao & Co., (Firm Regn. No.002917S) Chartered Accountants, Visakhapatnam, for the Financial Year 2019-20.

For the Financial Year 2019-20 the Board recommends Statutory Auditors remuneration Rs. 3,00,000/- plus reimbursement of out of pocket expenses.

#### SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 1,25,000/- (Rupees one lakh twenty five thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2019-20 to be paid to M/s Narasimha Murthy & Co., (Regn. No. 000042), Cost Accountants, Hyderabad, for the conduct of the Audit of the Cost Accounting Records of the Company as approved by the Board of Directors be and is hereby ratified and confirmed."

7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT Sri P Venkateswara Rao (DIN 06387165) who was appointed by the Board of Directors as Additional Director of the Company with effect from 5<sup>th</sup> November, 2018 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 35<sup>th</sup> Annual General Meeting (AGM) of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") or any statutory modification thereof or any re-enactment of the said Act, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV of the said Act, Sri P Venkateswara Rao be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years commencing from the conclusion of 35<sup>th</sup> AGM till the conclusion of 40<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT consent of the Members be and is hereby accorded to Dr. V N Rao (DIN 00861884) to hold his current tenure of Directorship till the date of Annual General Meeting wherein he retires by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

9. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the said Act, Sri A A Krishnan (DIN 00086374) be and is hereby appointed as Independent Director of the Company for a term of 2 consecutive years commencing from the conclusion of 35<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 37<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded to Sri A A Krishnan to hold Directorship from 1<sup>st</sup> April, 2019 till the date of ensuing 35<sup>th</sup> AGM.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is

**The Andhra Petrochemicals Limited**

hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

10. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT consent of the Members be and is hereby accorded to Sri M Gopalakrishna, I.A.S., (Retd) (DIN 00088454) to hold Directorships from 25<sup>th</sup> May, 2019 till the date of AGM wherein he ceases to be Director.

RESOLVED FURTHER THAT Sri M Gopalarishna, I.A.S., (Retd) who was appointed by the Board of Directors as Additional Director of the Company with effect from 25<sup>th</sup> May, 2019 pursuant to Article 97 of the Articles of Association of the Company, holds office upto the date of the 35<sup>th</sup> Annual General Meeting (AGM) of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") or any statutory modification thereof or any re-enactment of the said Act, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 & 152 and other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV of the said Act, Sri M Gopalarishna, I.A.S., (Retd) be and is hereby appointed as Independent Director of the Company for a term of 5 consecutive years commencing from the conclusion of 35<sup>th</sup> AGM till the conclusion of 40<sup>th</sup> AGM, not liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any amendment made by Ministry of Corporate Affairs or SEBI or any Statutory Authority to the provisions concerning the said appointment, the Board at its 1<sup>st</sup> Meeting after the said amendment coming into force be and is hereby authorised to effect necessary modification as may be required and till the date of the Board Meeting this Resolution shall continue to hold good and thereafter the same may be placed before the 1<sup>st</sup> General Meeting held after amendment for information and ratification."

**Hyderabad  
25.5.2019**

**By Order of the Board  
P Narendranath Chowdary  
Managing Director**

**Registered Office:  
Venkatarayapuram  
TANUKU - 534 215  
Andhra Pradesh**

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item Nos. 6,7,8,9 and 10 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy and such person cannot act as a Proxy for any other person or shareholder.  
  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form is sent herewith.
3. Your Company provides Electronic Voting facility and its particulars and instructions are enclosed and form part of this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 2<sup>nd</sup> July, 2019 to Wednesday, the 10<sup>th</sup> July, 2019 (both days inclusive).
5. The Dividend recommended by Directors, if approved at the Meeting, will be paid to the Shareholders whose names are on the Register of Members on 10<sup>th</sup> July, 2019. In respect of shares held in demat mode, the above Dividend will be paid on the basis of beneficial ownership as at the end of business hours of 1<sup>st</sup> July, 2019 as per the details furnished by the Depositories for this purpose.
6. Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day prior to the date of the Annual General Meeting.
7. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers on the Attendance Slip for easy identification of attendance at the Meeting.
8. Shareholders holding shares in Physical Mode are requested to intimate their change of address, if any, to the RTA viz., XL Softech Systems Ltd., Hyderabad and the shareholders holding shares in Demat Mode are requested to notify their change of address, if any, to the DP (and not to the Company / RTA) with whom they have Demat Account.
9. Any person who acquires shares of the Company and become member of the Company after the despatch of the Notice of AGM and holding shares as of the cut-off date, i.e., 3<sup>rd</sup> July, 2019 can vote by entering the particulars as specified in instructions for e-voting. If they are already registered with CDSL for remote e-voting then they can use their existing user ID and password / PIN for casting their vote. If they forgot their password they can reset their password by using "Forgot User Details / Password" option available on [www.evoting.cdslindia.com](http://www.evoting.cdslindia.com).
10. Pursuant to provisions of Section 124 (5) of the Companies Act, 2013, any dividend which remains unpaid or unclaimed for a period of seven years is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. Details of unclaimed dividend and due date for transfer to the Fund are as follows:

Dividend for the Financial Year	Due date for transfer to IEPF
2011-12	27 October, 2019

## **The Andhra Petrochemicals Limited**

Shareholders who have not encashed their Dividend Warrants issued in respect of dividend declared for the year 2011-12 are requested to write to the Regd. Office of the Company in order to enable the Company to proceed with their requests in case the Dividend Warrants remain unencashed.

### **SPECIFIC ATTENTION OF SHAREHOLDERS**

#### **Sub: Furnishing of e-mail ID**

Members are requested to provide their e-mail IDs so as to enable the Company to send documents like notice calling general meetings, audited financial statements, Directors' Report, Auditors' Report etc., by way of e-mail.

#### **Shareholders in**

**Physical Mode:** E-mail ID be furnished to the RTA, i.e., XL Softech Systems Ltd.

#### **Electronic /**

**Demat Mode:** E-mail ID be furnished to the DP with whom demat account has been opened and not to the Company/RTA. The Company/RTA cannot act on e-mail IDs received directly from the members holding shares in Demat Mode for registration of e-mail IDs.

#### **Transfer of Shares**

**in Physical Mode:** With effect from 1.4.2019 Equity Shares of the Company in physical mode will not be effected as per SEBI directions. However, requests for Transmission, Transposition and Issue of Duplicate share certificates will be processed in physical mode.

### **Particulars of Directors proposed to be reappointed at this Meeting as required under Regulation 36 (3) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

#### **ITEM NO.3**

**Sri Mullapudi Thimmaraja** has been the Director on the Board since 7.11.1992. He is a Graduate in Chemical Engineering. He did his Post Graduation in Business Administration from the University of Florida, U.S.A.

For more than two and half decades he has been the Whole-time Director of the Promoter Company, The Andhra Sugars Ltd., a multi-product and multi-division company manufacturing Sugar and wide range of Organic and Inorganic Chemicals and also engaged in power generation.

Other Directorships held: Joint Managing Director - The Andhra Sugars Ltd.; Director - JOCIL Ltd.

Other Committeeships held: Member - Audit Committee and Stakeholders Relationship Committee, JOCIL Ltd.; Stakeholders Relationship Committee, The Andhra Sugars Ltd.

He holds 1,630 Equity Shares in the Company.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

#### **ITEM NO.4**

**Sri Solomon Arokiaraj, I.A.S.**, is presently Secretary, Dept. of Industries and Commerce, Govt. of Andhra Pradesh. He did his Graduation in Agriculture and Post Graduation in Business Management. Earlier he worked as Collector and District Magistrate - Chittoor, Visakhapatnam and Anantapur Districts; Chief Executive Officer - Society for Elimination of Rural Poverty, Employment Generation and Marketing Mission.

Other Directorships held:

Chairman and Managing Director - Andhra Pradesh Industrial Development Corporation Ltd., (APIDC); Nominee Director - Krishnapatnam International Leather Complex Pvt. Ltd., Amaravati Development Corporation Ltd., Andhra Pradesh Industrial Infrastructure Corporation Ltd.

Director - Andhra Pradesh State Skill Development Corporation.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

### **ANNEXURE TO NOTICE**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

##### **ITEM NO.6:**

The Board at its Meeting held on 25.5.2019, having regard to the recommendation of Audit Committee, considered and approved the appointment of M/s Narasimha Murthy & Co., Cost Accountants, for conduct of Audit of Cost Accounting Records of the Company on a remuneration of Rs. 1,25,000/- plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year 2019-20.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2019-20. Your Board recommends necessary Resolution for your approval.

None of the Directors, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the said Resolution.

##### **ITEM NO.7:**

**Sri P Venkateswara Rao** is a Graduate in Chemical Engineering from Andhra University, Visakhapatnam and a Post Graduate in Chemical Engineering from Indian Institute of Technology, Madras. He worked for 35 years in Indian Space Research Organization (ISRO). He specialized in servicing of Satellite Launch Vehicles with fuels such as earth storable chemicals and cryogenic fuels. He executed several projects involving Infrastructure, Fluid Circuits for handling of hazardous chemicals, gases etc. He travelled abroad extensively and was a focal point for several International Contracts. He retired as Associate Director from Satish Dhawan Space Centre, Sriharikota (SHAR), ISRO.

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 5.11.2018. He holds office upto the date of 35<sup>th</sup> Annual General Meeting. Having regard to his vast corporate experience, the Board considered it

advisable to appoint him as Independent Director to avail the benefit of his expertise and experience which would help the Company in consolidating the further growth of the Company. He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Directors. He is independent of the Management.

He does not hold any shares in the Company.

His holding of Office of Directorship is in line with SEBI order or any other such authority.

Other Directorships held:

Director - JOCIL Ltd.,

Other Committeeships held : Nil

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Sri P Venkateswara Rao, no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

A copy of the draft letter of appointment setting out the terms and conditions of his appointment as Independent Director is available for inspection at the Registered Office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day.

**ITEM NO.8:**

**Dr. V N Rao** (who had attained the age of 75 years at the time of his first appointment as Additional Director) has been the Director of the Company since 26.10.2016. He holds M.Tech (Chemical Engineering) and Ph.D. (Chemical Engineering) both from IIT, Madras. He worked in Coromandel Fertilisers Ltd., Visakhapatnam; Zuari Agrochemicals Ltd., Goa and Tata Chemicals Ltd., Mithapur, Gujarat.

He also worked as Consultant and carried out various consultancy assignments both technical and managerial areas in the fields of Chemicals, Petrochemicals, Cement and Refractories etc.

He joined the Company in the year 1995 as Vice President (Technical). He was later elevated as Chief Executive. He retired on 25.10.2016 as Chief Executive & Chief Operating Officer of the Company. He was instrumental in implementing the Modernisation-cum-Optimisation Expansion Project within time and cost schedule.

Other Directorships held:

Director - Andhra Pradesh Gas Power Corporation Ltd., (APGPCL)

Other Committeeships held:

Member - Audit Committee of APGPCL

He does not hold any shares in the Company.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Dr. V N Rao, no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

The Special Resolution proposed for the approval of the Shareholders would enable Dr. V N Rao to hold his current tenure of Directorship which commenced on 28.9.2018 till the date of his retirement by rotation. This would enable the Company to avail the benefit of his expertise and guidance for further consolidation and growth.

**ITEM NO.9:**

**Sri A A Krishnan** was appointed as Independent Director on 12-9-2014 (even at that date he had attained the age of 75 years), whose first term of five years as Independent Director ends on the conclusion of 35<sup>th</sup> AGM. He has been the Director of the Company for more than two and half decades.

He is a graduate in Science (Chemistry) from Madras University and also a graduate in Chemical Engineering from Indian Institute of Science, Bangalore. He holds Dip. Ing (Refinery & Petrochemistry) from Ecole Nationale Supérieure de Petrole at Les Carburants, Paris.

He has vast experience of more than 38 years with proven industrial expertise in Petrochemicals. He worked with Indian Oil Corporation, Petrochemical Division of the Department of Petroleum and Chemicals of the Government of India and Indian Petrochemicals Corporation Ltd. He was associated with the development of refineries built at Gauhati, Barauni and Baroda; Development of pre-project activities concerning the aromatics and olefins projects; IPCL projects related to aromatics, olefins, polyethylene, polybutadiene rubber, LAB and ethylene glycol. He was head of the Task Force created by the Government of India to undertake pre-project activities for a new grassroot petrochemicals complex at Nagothane, Maharashtra. At present he acts as advisor for several chemical companies. He does not hold any Equity Shares in the Company.

The Board considered it advisable to continue to avail the benefit of his vast experience and expertise in the field of Chemical Technology and as such recommends his appointment as Independent Director for a period of 2 years from the conclusion of 35<sup>th</sup> AGM. He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Director. He is Independent of the Management.

Other Directorships held: Nil

He does not hold any shares in the Company.

The special Resolution proposed would enable Sri A A Krishnan to hold his directorship to be in line with the provisions of SEBI Rules or any

## **The Andhra Petrochemicals Limited**

other statutory order which would be beneficial to the Company to avail his experience and expertise for further consolidation and growth.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Sri A A Krishnan, no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

A copy of the draft letter of appointment setting out the terms and conditions of his appointment as Independent Director is available for inspection at the Registered Office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day.

### **ITEM NO.10**

**Sri M Gopalakrishna, I.A.S. (Retd)** is a Graduate in Science & Law. He joined Indian Administrative Service in the year 1962.

He served in various positions which include Secretary to Govt. of Assam - Health & Family Planning, Industries, Power, Mines and Minerals; Secretary - Dept. of Public Enterprises, Guwahati; Commissioner - Visakhapatnam Steel Plant; Managing Director - Nagarjuna Fertilizers & Chemicals Ltd., Godavari Fertilizers & Chemicals Ltd ; Commissioner of Commercial Taxes, Govt. of Andhra Pradesh; Additional Secretary to Govt. of India, Ministry of Mines; Special Chief Secretary, Govt. of Andhra Pradesh; Director, Institute of Public Enterprises, Hyderabad; Chairman & Managing Director - Rural Electrification Corporation, New Delhi and Director - APGPCL, JOCIL Ltd.

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, co-opted him as Additional Director from 25.5.2019. He holds office upto the date of 35<sup>th</sup> Annual General Meeting.

His vast corporate experience would be beneficial to the Company and therefore your Board considered it advisable to appoint him as Independent Director to avail his guidance for further consolidation and growth of the Company.

He fulfills the criteria stipulated in the Companies Act, 2013 with regard to the appointment of Independent Directors. He is independent of the Management.

Other Directorships held: Director - Nuziveedu Seeds Ltd., NSL Renewable Power Pvt Ltd., Avra Synthesis Pvt Ltd., NSL Textiles Ltd., Oletra Greentech Ltd., Avra Laboratories Pvt Ltd., Prabhat Agri Biotech Ltd., Suven Life Sciences Ltd., Pitti Engineering Ltd., BGR Energy Systems Ltd.

Other Committeeships held : Nil

He does not hold any shares in the Company.

The Special Resolution proposed would enable Sri M Gopalakrishna, I.A.S., (Retd) to hold his Directorship to be in line with the provisions of SEBI Rules or any other statutory order which would be beneficial to the Company to avail his experience and expertise for further consolidation and growth.

Your Board, therefore, on the recommendation of the Nomination and Remuneration Committee, recommends necessary Resolution for your approval.

Except Sri M Gopalakrishna, I.A.S., (Retd), no other Director, Key Managerial Personnel and their relatives is or are deemed to be interested or concerned in the Resolution.

A copy of the draft letter of appointment setting out the terms and conditions of his appointment is available for inspection at the Registered Office of the Company from 9 a.m. to 11 a.m. and from 3 p.m. to 5 p.m. on any working day.

Hyderabad  
25.5.2019

**By Order of the Board**  
**P Narendranath Chowdary**  
**Managing Director**

**Registered Office:**  
**Venkatarayapuram**  
**TANUKU - 534215**  
**Andhra Pradesh**

### **ENCLOSURE TO NOTICE:**

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting ("AGM") to be held on Wednesday, the 10<sup>th</sup> July, 2019 at 3 p.m. at the Regd. Office of the Company. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility.

Sri Nekkanti S R V S Narayana, Practising Company Secretary (CP No.7839) of M/s Nekkanti S R V S Narayana & Co., Company Secretaries, Hyderabad, has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The e-voting facility is available at the link <https://www.evotingindia.com>



Please read the instructions which are printed hereunder before exercising the vote. The AGM Notice is also available for download at our website [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 7<sup>th</sup> July, 2019 from 9 a.m. and ends on 9<sup>th</sup> July, 2019 at 5 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 3<sup>rd</sup> July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**E-voting particulars are given in the Proxy Form.**

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant The Andhra Petrochemicals Ltd., on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

***The Andhra Petrochemicals Limited***

(xix) Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2019.

**CORPORATE OVERVIEW:**

Your Company is the sole manufacturer of Oxo-Alcohols in India. The Oxo-Alcohols consist of the products viz., 2 Ethyl Hexanol, Normal Butanol and Iso Butanol. Your Company is an associate of The Andhra Sugars Ltd., and has its Regd. Office at Venkatarayapuram, Tanuku - 534 215, W.G.Dist.

**FINANCIAL RESULTS:**

Performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 is summarised below:

(Rs. in lakhs)

	2018-19	2017-18
Net Sales (excl. Excise Duty)	66586.22	51820.00
Profit / (Loss) before Interest & Depreciation	11140.39	6861.79
Less: Interest	591.81	1186.54
Depreciation	1049.48	949.27
Profit / (Loss) after Interest and Depreciation before Extra-ordinary item	9499.10	4725.98
Exceptional items	--	--
Profit / (Loss) before Tax	9499.10	4725.98
Provision for:		
Current Tax	2071.12	1000.28
Adjustment of Tax Expense for earlier years	27.18	--
Deferred Tax	417.44	(924.37)
Profit / (Loss) after Taxation	6983.36	4650.07
Other Comprehensive Income	(101.27)	(231.42)
Total Comprehensive Income for the period	6882.09	4418.65
Balance brought forward from previous year	4332.83	(85.82)
Profit carried forward to next year	11214.92	4332.83

**OPERATIONAL AND FINANCIAL PERFORMANCE:**

During the Financial Year 2018-19, the Plant produced 82,791 MTs (previous year 76,257 MTs) of Oxo Alcohols which works out to 113.4% (approx.) capacity utilization. Sales during the year were 82,818 MTs (previous year 78,049 MTs). Company posted a Net Profit of Rs.68.82 crores during the Financial Year 2018-19 as compared to Net Profit of Rs.44.19 crores during the previous year.

**DIVIDEND:**

Your Directors are pleased to inform that the Board of Directors has recommended a Dividend of Rs.1.50 paise [Normal Dividend Re.1/- and Special Dividend 50 paise in view of completion 25 years of production] per share (@15% Dividend on 8,49,71,600 Equity Shares of Rs.10/- each)] for the Year 2018-19 commensurate with the Profit earned. The outflow towards payment of Dividend would amount to Rs.15.36 crores inclusive of tax thereon. Dividend, if approved by the shareholders, will be paid to all the eligible shareholders.

**CAPITAL & RESERVES:**

**Authorised and Paid-up Capital:**

The Authorised Capital of the Company is Rs.125.00 crores and the Paid-up Capital is Rs.84.97 crores.

**Reserves:**

The total Reserves position as on 31.3.2019 stood at Rs.141.51 crores against Rs. 72.69 crores in the previous year.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The year 2018-19 was reasonably a good year as Plant could operate at more than 113% capacity and Company could market products at a reasonably good price.

For the year Company posted a Net Profit of Rs.69.83 crores (after Tax).

**OPPORTUNITIES AND THREATS:**

Estimated demand of Oxo-Alcohols at 2,50,000 MTPA, with healthy growth rate of 8% to 10% per annum, in general, is a good opportunity for the Company with existing capacity of 80,000 MTPA, considering the huge demand-supply gap in the country. With Hindustan Petroleum Corporation Limited (HPCL) able to meet full Propylene requirement it is expected that there will be no constraints in the Company's production capability. Sales realisation is also expected to improve on account of Anti-Dumping Duties imposed by Govt. of India on imports from certain countries.

Over and above the imports from existing destinations, imports from newer destinations like Taiwan, Brazil, USA and Japan has become a challenge to the Company.

However commissioning of BPCL Oxo-Alcohols plant at Cochin in 2019/2020, downturn in product price scenario internationally and dumping of the products and currency fluctuations may impact the Company's performance and recovery process to some extent.

## **The Andhra Petrochemicals Limited**

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

As required by the provisions of Companies Act, 2013, Internal Control Systems Report has been appended to Independent Auditor's Report given by Statutory Auditors regarding Financial Year 2018-19. The Company has internal control systems commensurate with the size of the business operations. A Chartered Accountants firm is engaged to carry out internal audit covering the entire operations. The audit firm submits internal audit report periodically with their suggestions and /or corrections. Audit Committee critically deliberates and reviews such internal audit reports and ensures effectiveness of the control systems through necessary recommendations.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

In the area of Human Resources, the employees are being trained to meet the Plant requirements from time to time by motivating them in a positive way and the industrial relations continue to be cordial throughout the year.

The total number of employees employed as on 31.03.2019 is 297.

### **FUTURE OUTLOOK:**

Company's performance capability is expected to be good as the Propylene supply from HPCL is good. Company has signed Natural Gas (NG) term sheet supply agreement with GAIL. Natural Gas (NG), which is expected to be available in the last Quarter (Q4) of 2019-20, may likely to bring down the cost of production. However, the cost benefit will be based on the NG prices which are going to be fixed once in six months. Mainly, the Company's performance to a large extent is dependent on international supply and demand for these products and their prices which are influenced by crude prices, exchange fluctuations and dumping by sources other than those covered by Anti-Dumping Duty.

### **RISKS AND CONCERNS:**

The Company is dependent on a single source - HPCL Visakha Refinery for its major raw material i.e., Propylene. Crude prices, exchange rate fluctuations and political instability in the Gulf area are of major concern.

### **CAUTIONARY STATEMENT:**

The statements describing the Company's outlook, estimates or predictions may be forward-looking statements based on certain assumptions of future events. Actual results may differ materially from those expressed or implied, since the Company's operations are influenced by external or internal factors. Your Company closely monitors all major developments likely to affect the operations and will respond to meet the potential threats and to gain from any possible opportunities.

### **DEPOSITS:**

During the year under review, your Company did not accept any deposits within the meaning of provisions of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### **SAFETY, HEALTH AND ENVIRONMENT:**

Company has evolved Safety, Health and Environment Policy.

#### **Safety:**

- Company has completed 13 million accident free man hours in the last 10 years.
- Total 8500 man-hours used for conducting Safety trainings for employees including contract workmen induction as well as refresher trainings.
- Safety of Human and Plant assets are of top priority to the Company. Continuous training of personnel at various levels on safety and strict compliance of regulations is ensured which resulted in another accident-free year.
- Company has been awarded with Winner (Gold Trophy) for lowest Average Frequency Rate (2013, 2014, 2015 and 2016) and in achieving accident-free year - 2016 in National Safety Awards (NSA) presented by the Directorate General Factory Advice Services and Labour Institute (DGFASLI), Govt. of India on 17.09.2018 at New Delhi.

#### **Health:**

Health monitoring of all employees including contract labour and canteen workers is done on regular basis.

#### **Environment:**

On line emission, Ambient air and effluent monitoring systems are in place. Data is being transmitted to CPCB and APPCB for monitoring.

#### **INSURANCE:**

All the insurable assets of the Company including Plant and Machinery, Buildings and Inventories are insured on reinstatement value basis.

### **LAND TAKEN ON LEASE FROM VISAKHAPATNAM PORT TRUST**

Company has taken on lease 75.00 Acres of land from Visakhapatnam Port Trust on which Oxo-Alcohol Plant has been established. The land is located adjacent to HPCL, Visakha Refinery which supplies major Raw Materials. In this connection, a Lease Agreement was entered into on June 27, 1989 with Visakhapatnam Port Trust for a period of 30 years which expires on June 26, 2019. Your Company has initiated necessary steps to enter into a fresh Lease Agreement for a period of 30 years for continuation of the Lease.

### **LISTING:**

The Equity Shares of your Company are listed on the Bombay Stock Exchange. Listing fees has been paid.

### **EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as Annexure - "A" and forms an integral part of this report.

### **DIRECTORS:**

Sri Surinder Kumar Kapoor ceased to be Director, consequent upon his sad demise on 7.6.2018. Your Directors place on record their commendable appreciation of the valuable guidance rendered by him during his tenure as Director of the Company.

Sri M R B Punja, Chairman, demitted his office as Director with effect from 5.8.2018. Your Directors place on record their commendable appreciation of the valuable guidance rendered by him during his tenure as Director of the Company.

Dr. P Kotaiah, Independent Director, was appointed as Chairman of the Company with effect from 5.8.2018.

Sri P Narendranath Chowdary was appointed as Managing Director of the Company with effect from 5.8.2018.

Smt. Y V Anuradha, I.A.S., Nominee Director of APIDC, resigned on 18.4.2019. Your Directors place on record their commendable appreciation of the valuable guidance rendered by her during her tenure as Director of the Company.

Sri P Venkateswara Rao was co-opted by the Board at its Meeting held on 5.11.2018 as Additional Director under Independent category. His appointment as Independent Director is being placed for the approval of shareholders at the ensuing 35<sup>th</sup> AGM.

The present term of Sri A A Krishnan as Independent Director expires at the conclusion of 35<sup>th</sup> AGM. Your Directors propose his appointment for second term as mentioned in the relevant Resolution.

Sri M. Gopalakrishna, I.A.S., (Retd.) was co-opted by the Board at its meeting held on 25.5.2019 as Additional Director under Independent category. His appointment as Independent Director is being placed for the approval of shareholders at the ensuing 35<sup>th</sup> AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Directors Sri Mullanpudi Thimmaraja and Sri Solomon Arokiaraj, I.A.S., retire by rotation at the ensuing 35<sup>th</sup> AGM and being eligible offer themselves for reappointment. Their reappointment is being placed for the approval of shareholders at the ensuing 35<sup>th</sup> AGM.

**KEY MANAGERIAL PERSONNEL:**

Details of Key Managerial Personnel of the Company are as under:

Sl No.	Name of the person	Designation
1.	Sri K Narasappa	President
2.	Sri P Ratna Rao	Senior General Manager (Finance) [CFO]
3.	Sri M V V S V Prasadu (w.e.f., 25.5.2019)	Deputy Secretary & Assistant Manager (Finance)

**AUDIT COMMITTEE:**

Audit Committee, which was reconstituted on 4.8.2018, comprises of Non-Executive Independent Directors, Sri A A Krishnan, Dr. P Kotaiah, and Dr (Smt) D Manjulatha and Sri Ravi Pendyala, Non-Executive Non-Independent Director, as its members. Sri A A Krishnan is the Chairman of the Committee.

**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Nekkanti S R V V S Narayana & Co., Company Secretaries (CP No.7839), Hyderabad, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure - "B"** and forms an integral part of this report.

**BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Board has carried out a formal process of evaluation of the Board, its Committees and the individual Directors.

The performance was evaluated based on the parameters such as effectiveness of Board / Committee process and functioning, contribution of Board / Committee members to overall effectiveness of the Board / Committee, avoiding conflict with Company's interest, bonafide discharge of responsibilities in the interest of the Company and upholding ethical standards, integrity and probity etc.

Independent Directors met on 25.5.2019 wherein as per the Report of lead Independent Director the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The evaluation process reflected valuable contribution of members of the Board / Committee thereof.

**NUMBER OF MEETINGS OF THE BOARD:**

The details of the Number of Meetings of the Board held during the Financial Year 2018-19 are given in the Corporate Governance Report which forms part of this report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:**

Your Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to financial statements.

**WHISTLE BLOWER POLICY:**

As per the provisions of the Companies Act, 2013 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns on unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct in prescribed manner.

The Policy provides adequate safeguards against victimisation of the complainant and direct access to the Chairman of the Audit Committee. The protected disclosures, if any, reported under this Policy will be appropriately and expeditiously investigated.

The Whistle Blower Policy may be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/Whistle Blower Policy.pdf](http://www.andhrapetrochemicals.com/Whistle%20Blower%20Policy.pdf).

**RISK MANAGEMENT:**

Your Board of Directors at its Meeting held on 27.3.2015 framed and adopted a Risk Management Policy of the Company to identify and mitigate the risks. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also risk mitigation measures and reporting mechanism of such risks. Risk Management Policy of your Company can be viewed by entering the url [http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf](http://www.andhrapetrochemicals.com/POLICY%20ON%20CORPORATE%20RISK%20MANAGEMENT.pdf) in the web browser.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

As per the provisions of Section 135 & Schedule VII of the Companies Act, 2013 and Company's CSR Policy, Company had spent an amount of Rs.10,72,767/- CSR expenditure for the Financial Year 2018-19. The report on CSR activities as required under Companies (CSR Policy) Rules, 2014 is set out as **Annexure - "C"** forming part of this report.

**NOMINATION AND REMUNERATION COMMITTEE:**

Nomination and Remuneration Committee, which was re-constituted on 4.8.2018, comprises of Dr. (Smt.) D Manjulatha, Independent Director, as Chairperson and Sri A A Krishnan, Independent Director, Sri Mullanpudi Thimmaraja and Dr. V N Rao, Non-Independent Directors, as its members.

## **The Andhra Petrochemicals Limited**

### **NOMINATION AND REMUNERATION POLICY:**

The Board of Directors of your Company has, on recommendation of the Nomination & Remuneration Committee, adopted a Nomination & Remuneration Policy which lays down the framework in relation to the criteria for selection and appointment of Board members and remuneration of Directors / Key Managerial Personnel and Senior Management of the Company. This Policy can be accessed on the Company's website at the link: [http://www.andhrapetrochemicals.com/NOMINATION\\_REMUNERATION\\_POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION_REMUNERATION_POLICY.pdf).

### **AUDITORS:**

M/s C V Ramana Rao & Co., Chartered Accountants, Visakhapatnam, were appointed as Statutory Auditors of the Company for the five Financial Years from 2017-18 to 2021-22. Fixation of their remuneration payable for the Year 2019-20 is being placed at the ensuing 35<sup>th</sup> AGM for the approval of Members. The total fees paid by the Company for the year 2018-19 to the Statutory Auditors for all services rendered by them is Rs. 6.25 lakhs.

### **COST AUDITORS:**

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, were appointed by the Board as Cost Auditors of the Company for the year ended 31<sup>st</sup> March, 2019. Cost Auditors' Report in respect of Financial Year 2017-18 has been filed with the Ministry of Corporate Affairs on 20<sup>th</sup> August, 2018, i.e., within the stipulated time.

### **COST RECORDS:**

Company has complied with the requirement with regard to maintenance of cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars prescribed under Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 (3) of Companies (Accounts) Rules, 2014 are given below:

#### **I) CONSERVATION OF ENERGY**

##### **1. Steps taken or impact on conservation of energy:**

- ETP aerobic high pressure plant air (6.5 kg/cm<sup>2</sup>) replaced by low pressure air (0.5 mg/cm<sup>2</sup>) by installing 60 kw Air Blower. Energy saved till 31<sup>st</sup> March, 2019 is around Rs.12.00 lakhs and expected energy savings per annum would be around 6,13,200 units equivalent to Rs.37.00 lakhs per annum.
- VFD s' installed on P-856 A/B pumps and Boiler feed water pumps. Energy saved till 31<sup>st</sup> March, 2019 is around Rs.13.00 lakhs and expected energy savings per annum would be around Rs.16.00 lakhs per annum.
- Replaced 600 Nos. 40W Fluorocent tubes by 20 W LED bulbs, 150 Nos. CFL tubes (36 W) by 18 W LED tubes, 130 MV lamps (125 W) by 45 W LED fittings. Expected energy savings for the above replacement would be around Rs. 6.50 lakhs/annum

##### **2. Steps taken by the Company for utilising alternative source of energy.**

Company could not take up any steps in this regard in view of the non-viability.

##### **3. Capital investment on Energy conservation equipments: Rs.17.00 lakhs.**

#### **II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- Efforts made & Benefits: Technology has been fully absorbed and various innovative ideas enable the Company to operate the Plant even above 105% load.
- Imported Technology: NIL
- Expenditure incurred on R & D: NIL

#### **III) Foreign Exchange earning and outgo: (On cash basis) (Rs. in lakhs)**

	<b>For the year ended 31.3.2019</b>	<b>For the year ended 31.3.2018</b>
i. Earnings	--	--
ii. Outgo	<b>775.84</b>	433.74

### **PARTICULARS OF EMPLOYEES:**

There is no employee of your Company drawing a remuneration requiring disclosure under Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

None of the employees holds (by himself or along with his spouse and dependent children) more than 2% of the Equity Shares of the Company.

### **DEMATERIALIZATION OF SHARES:**

As on 31<sup>st</sup> March, 2019, out of the total number of 8,49,71,600 Equity Shares, 7,79,98,194 Equity Shares constituting 91.79% stand dematerialised.

### **RELATED PARTY TRANSACTIONS:**

As per the provisions of Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company. The weblink of the same is [http://www.andhrapetrochemicals.com/POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS.pdf](http://www.andhrapetrochemicals.com/POLICY_ON_RELATED_PARTY_TRANSACTIONS.pdf).

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Omnibus approval is granted by the Audit Committee on yearly basis for transactions which are repetitive in nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and ratification on a quarterly basis.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. In compliance with the provisions of the said Act, an Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment. During the year 2018-19, there were no complaints received by the ICC.

**PARTICULARS OF REMUNERATION:**

The information required under Section 197 of the Act and the Rules made thereunder in respect of employees of the Company, is as follows:-

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year: Our Directors draw remuneration only by way of sitting fees. The details of the same are provided in Corporate Governance which forms an Annexure to this report. No other remuneration is drawn by them. Managing Director does not draw any remuneration. Hence, the ratio of remuneration of each Director to the median remuneration is not required to be given.

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year:

Board of Directors at its meeting held on 5.11.2018 has approved enhancement of sitting fees from Rs. 10,000/- to Rs. 20,000/- for attending each meeting of Board and from Rs. 10,000/- to Rs. 15,000/- for attending each meeting of committee of the Board. Other details are as follows:

Name of the Person	% increase in remuneration
Sri K Narasappa, President	14.76%
Sri P Ratna Rao, Senior General Manager (Finance) [CFO]	7.00%
Sri M V V S Prasadu, Deputy Secretary & Asst. Manager (Finance)	Not applicable

- (c) the percentage increase in the median remuneration of employees in the Financial Year: 0.93%

- (d) the number of permanent employees on the rolls of Company: 297

- (e) the explanation on the relationship between average increase in remuneration and Company performance;

On an average, employees received an increase of 0.93%. The increase in remuneration is in line with the market trends. The decreased percentage in the median remuneration compared to previous year is due to pay revision to non-executive cadre employees during the Financial Year 2017-18. A direct co-relation of employee remuneration and Company performance as envisaged in the rules is not feasible considering the qualitative factors involved in measuring performance.

- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Rs. in lakhs
Remuneration of Key Managerial Personnel (KMP) during Financial Year 2018-19 (aggregated)	99.49
Revenue from operations	66858.17
Remuneration (as % of revenue)	0.15%

- (g) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the networth of the Company as at the close of the current Financial Year and previous Financial Year:

Particulars	Unit	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018	Variation
Closing rate of share at BSE	Rs.	54.65	57.40	4.79%
EPS (Consolidated)	Rs.	8.22	5.47	50.27%
Market capitalisation	Rs./lakh	46436.98	48773.70	4.79%
Price Earnings ratio	Ratio	6.65	10.49	36.61%

Percentage in bracket represents negative percentage.

- (h) average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase in salaries of employees other than managerial personnel in 2018-19 was 0.93%. Percentage increase in the managerial remuneration for the year was NIL.

- (i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

## **The Andhra Petrochemicals Limited**

- (i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	President	Chief Financial Officer	Company Secretary (w.e.f.18.3.2019)
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Remuneration	64.96	34.07	0.46
Revenue	66858.17	66858.17	66858.17
Remuneration (as % of revenue)	0.10%	0.05%	---

- (j) the key parameters for any variable component of remuneration availed by the Directors: Not applicable as Directors do not draw any remuneration except by way of sitting fees. No remuneration is drawn by Managing Director.
- (k) the ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year:  
Not applicable as Directors' remuneration consists of only sitting fees. No remuneration is drawn by Managing Director.
- (l) affirmation that the remuneration is as per the remuneration Policy of the Company:  
The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the Remuneration Policy of the Company.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- i) that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- ii) that Accounting Policies have been selected and applied consistently and that judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **REPORT ON CORPORATE GOVERNANCE:**

As required under Regulation 34(3) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the report on Corporate Governance and the Auditors' Certificate on the compliance of Corporate Governance are annexed and form part of the Directors' Report (**Annexure "D"**).

### **ACKNOWLEDGEMENTS:**

Your Directors acknowledge the co-operation and continued valuable support received from Central and State Government authorities, the Promoters - The Andhra Sugars Limited and Andhra Pradesh Industrial Development Corporation Ltd., (APIDC), Financial Institutions, Banks, Shareholders, Customers, Hindustan Petroleum Corporation Ltd., (HPCL), Gas Authority of India Ltd., (GAIL) and other Suppliers. Your Directors also wish to place on record their deep sense of appreciation of the valuable contribution made by the employees at all levels.

Hyderabad  
25.5.2019

On behalf of the Board  
Dr. P. Kotaiah  
Chairman



**ANNEXURE - "A"**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31/03/2019 of THE ANDHRA PETROCHEMICALS LIMITED**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1	CIN	:	L23209AP1984PLC004635
2	Registration Date	:	18/04/1984
3	Name of the Company	:	The Andhra Petrochemicals Ltd
4	Category / sub category of the Company	:	Company limited by shares / Indian Non-govt. Company
5	Address of the Regd Office and contact details	:	VENKATARAYAPURAM, TANUKU 534215 West Godavari District, Andhra Pradesh Tel: 08819-224075
6	Whether listed Company	:	Yes
7	Name, address & contact details of the Register and Transfer Agent, if any	:	XL Softech Systems Ltd., 3, Sagar Society, Road No.2 Banjara Hills, HYDERABAD 500034 Tel: 040-23545913 / 914 / 915

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	2 Ethyl Hexanol	20116	73%
2	Butanols	20116	27%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

[ No. of Companies for which information is being filled]

Sl.No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
	NIL				

**IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1.4.2018				No. of Shares held at the end of the year 31.3.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(1)	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0
(2) Foreign	--	--	--	--	--	--	--	--	--
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(2)	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	38274594	5800	38280394	45.05	38274594	5800	38280394	45.05	0

**The Andhra Petrochemicals Limited**

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds UTI includes	--	33200	33200	0.04	--	33200	33200	0.04	0
b) Banks / FI	400	437	837	0	300	437	737	0	0
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	1000	--	1000	0	1000	--	1000	0	0
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	11500	11500	0.01	--	10500	10500	0.01	0
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(1):-</b>	<b>1400</b>	<b>45137</b>	<b>46537</b>	<b>0.05</b>	<b>1300</b>	<b>44137</b>	<b>45437</b>	<b>0.05</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	4330096	69225	4399321	5.18	3428044	68000	3496044	4.11	-20.66
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	14771047	7056312	21827359	25.69	15899403	6513054	22412457	26.38	2.69
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	15088438	51963	15140401	17.82	18318059	105063	18423122	21.68	21.66
NRI	1074408	4800	1079208	1.27	1050003	4800	1054803	1.24	-2.36
Clearing Members	126956	--	126956	0.15	44110	--	44110	0.05	66.67
HUF	1003633	5004	1008637	1.19	964960	5004	969964	1.14	-4.20
Trusts	5001	200	5201	0.01	5001	200	5201	0.01	0
Directors & their relatives	2746543	311043	3057586	3.60	12720	227348	240068	0.28	92.22
c) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2):-</b>	<b>39146122</b>	<b>7498547</b>	<b>46644669</b>	<b>54.90</b>	<b>39722300</b>	<b>6923469</b>	<b>46645769</b>	<b>54.90</b>	<b>0</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	39147522	7543684	46691206	54.95	39723600	6967606	46691206	54.95	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	<b>77422116</b>	<b>7549484</b>	<b>84971600</b>	<b>100</b>	<b>77998194</b>	<b>6973406</b>	<b>84971600</b>	<b>100</b>	

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	The Andhra Sugars Ltd	28086613	33.05	NIL	28086613	33.05	NIL	0
2	Andhra Pradesh Industrial Development Corporation Ltd	9180000	10.80	NIL	9180000	10.80	NIL	0
3	JOCIL Ltd.	1007981	1.19	NIL	1007981	1.19	NIL	0
4	APIDC Venture Capital Ltd.	5800	0.01	NIL	5800	0.01	NIL	0

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>THE ANDHRA SUGARS LTD.</b>				
	At the beginning of the year	28086613	33.05	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	28086613	33.05	0	0
2	<b>ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPN. LTD.</b>				
	At the beginning of the year	9180000	10.80	0	0.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	9180000	10.80	0	0.00
3	<b>JOCIL LTD.</b>				
	At the beginning of the year	1007981	1.19	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	1007981	1.19	0	0
4	<b>APIDC Venture Capital Ltd.</b>				
	At the beginning of the year	5800	0.01	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	5800	0.01	0	0

**The Andhra Petrochemicals Limited**

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No.	Name of the top 10 Share holders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	K L J Plasticizers Ltd	1475879	1.74	939612	1.11
2	Sri Bolla Ramesh Kumar	1593208	1.87	2812018	3.31
3	Sri Chakor Navinchandra Shah	561101	0.66	527407	0.62
4	Sri Kanhaiya Lal Jain	963586	1.13	911219	1.07
5	Ms Pushp Jain	826340	0.97	771340	0.91
6 #	Sri Jwala Narsimha Swamy Akuthota	351000	0.41	--	--
7	Subhbijay Trade comm Pvt Ltd	497293	0.59	497293	0.59
8	Sri Uday Ananth Nayak	927042	1.09	933333	1.10
9	Sri Lakshminarayanan T	5920078	6.97	6096115	7.17
10	Arpana Niteen Jadhav	500000	0.59	538900	0.63
11 *	Sri Ketan I Doshi (HUF)	--	--	432700	0.51

# Ceased to be top ten shareholder at the end of the year

\* Became top ten shareholder at the end of the year

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Sri M R B Punja, Chairman (upto 4.8.2018)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
2	<b>Sri P Narendranath Chowdary, Managing Director (w.e.f. 5.8.2018)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	4216 0 4216	0.00 0 0.00	0 0 0	0.00 0 0.00
3	<b>Dr. P Kotaiah, Chairman (w.e.f. 5.8.2018)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
4	<b>Sri A A Krishnan, Director</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
5	<b>Sri Surinder Kumar Kapoor, Director (upto 7.6.2018)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0 0 0.00	0 0 0	0 0 0.00
6	<b>Sri Mullapudi Thimmaraja, Director</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	1630 0 1630	0.00 0 0.00	0 0 0	0.00 0 0.00
7	<b>Smt Y V Anuradha, I.A.S., Director (upto 18.4.2019)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00

8	<b>Dr. (Smt.) D Manjulatha, Director</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	612 0 612	0.00 0 0.00	0 0 0	0.00 0 0.00
9	<b>Sri Solomon Arokiaraj, I.A.S.</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
10	<b>Sri Ravi Pendyala, Director</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	1020 0 1020	0.00 0 0.00	0 0 0	0.00 0 0.00
11	<b>Dr. V N Rao</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
12	<b>Sri P Venkateswara Rao (From 5.11.2018)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
13	<b>Sri Animesh Kumar Sinha, Director</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
14	<b>Sri K Narasappa, President, KMP</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	100 0 100	0.00 0 0.00	0 0 0	0.00 0 0.00
15	<b>Sri P Ratna Rao, Senior General Manager (Finance) [CFO], KMP</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0.00 0 0.00
16	<b>Sri M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance), KMP (from 25.5.2019)</b> At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the End of the year	0 0 0	0.00 0 0.00	0 0 0	0 0 0.00

**The Andhra Petrochemicals Limited**

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4142.48	3000	--	7142.48
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	1.22	--	--	1.22
<b>Total (i+ii+iii)</b>	<b>4143.70</b>	<b>3000</b>	<b>--</b>	<b>7143.70</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	1529.73	--	--	1529.73
* Reduction	4244.11	3000	--	7244.11
<b>Net Change</b>	<b>-2714.38</b>	<b>-3000</b>	<b>--</b>	<b>5714.38</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1428.60	--	--	1428.60
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	0.72	--	--	0.72
<b>Total (i+ii+iii)</b>	<b>1429.32</b>	<b>--</b>	<b>--</b>	<b>1429.32</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

(Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount	
		P Narendranath Chowdary, Managing Director	----	----	---	NIL
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL				NIL
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total (A)	NIL				NIL
	Ceiling as per the Act					8400000

**B. Remuneration to other Directors:**

(Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Sri M R B Purja	Sri A A Krishnan	Sri S K Kapoor	Dr (Smt) D Manjulatha	Sri P Venkateswar a Rao	Dr P Kotaiah	
1	Independent Directors							
	Fee for attending board / committee meetings	40000	95000	0	135000	20000	65000	290000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (1)	40000	95000	0	135000	20000	65000	290000
	Other Non-Executive Directors	Smt Y V Anuradha	Sri Animesh Kumar Sinha	Sri Ravi Pendyala	Sri Mullapudi Thimmaraja	Dr V N Rao	Sri Solomon Arokiaraj	
	Fee for attending board / committee meetings	10000	40000	130000	0	75000	10000	255000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	10000	40000	130000	0	75000	10000	255000
	Total (B)=(1+2)							0
	Total Managerial Remuneration							545000
	Overall Ceiling as per the Act							8400000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		President	Company Secretary w.e.f. 18.3.2019	CFO		Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6462600	45794	3407009		9915403
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	33113	0	0		33113
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	others, specify...					
5	Others, please specify					
	Total	6495713	45794	3407009		9948516

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

(Rs.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
NIL					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
NIL					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
NIL					
Penalty					
Punishment					
Compounding					

**Annexure - 'B'**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
The Andhra Petrochemicals Limited,  
Venkatarayapuram,  
Tanuku - 534215,  
West Godavari District,  
Andhra Pradesh.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. The Andhra Petrochemicals Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of M/s The Andhra Petrochemicals Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. The Andhra Petrochemicals Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreement entered into by the Company with the Bombay Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, according to the explanations given to us we report that:

- (a) the Company could fulfill the provisions of Section 203(1) of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6(1) of SEBI (LODR) Regulations, 2015, in spite of best efforts to locate a suitable Candidate for the position of Company Secretary and Compliance Officer, only on 18<sup>th</sup> March, 2019 that being compliant as on 31<sup>st</sup> March, 2019.
- (b) The company has obtained a demand draft favoring "Investor Education and Protection Fund" (IEPF) for Rs.41.87 Lakhs on 20<sup>th</sup> November, 2018 towards unpaid dividends for the year 2010-11, which as per the provisions of Section 124 of the Companies Act, 2016 read with Rule 5 & 6 the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended up to date, were to be remitted to the fund on that date but remitted the same on 13<sup>th</sup> May 2019. However, the shares in respect of the Unclaimed Dividend for continuous period of seven years are yet to be transferred to the IEPF.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically



to the Company:

- a) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rule, 2008
- b) The Legal Metrology Act, 2009 and rules made thereunder
- c) The Andhra Pradesh Electricity Act
- d) The Environmental Protection Act, 1986
- e) The Indian Electricity Act
- f) The Indian Explosives Act
- g) The Petroleum Act
- h) The Indian Telegraph Act
- i) The Andhra Pradesh Petroleum Products Order, 1980
- j) The Andhra Pradesh Panchayat Raj Act, 1994

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs.

**for NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
**Proprietor**  
**M.No.F7157, C.P.No.7839**

**Date : 25<sup>th</sup> May, 2019**

**Place : Venkatarayapuram, Tanuku**

Note:

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**ANNEXURE - A**

To  
The Members,  
The Andhra Petrochemicals Limited,  
Venkatarayapuram,  
Tanuku - 534215,  
West Godavari District,  
Andhra Pradesh.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**for NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
**Proprietor**  
**M.No.F7157, C.P.No.7839**

**Date : 25<sup>th</sup> May, 2019**

**Place : Venkatarayapuram, Tanuku**

**ANNEXURE - "C"**

**CSR Activities:**

1. A brief outline of the Company's CSR Policy including overview of the projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:

The CSR Policy was approved by the Board of Directors at its Meeting held on 20.7.2014 and has been uploaded on the Company's website. The web-link is <http://www.andhrapetrochemicals.com/csr policy.pdf>

2. The Composition of the CSR Committee:

Corporate Social Responsibility (CSR) Committee comprised of Dr. B B Ramaiah, Managing Director, as Chairman of the Committee (upto 14.2.2018) with Directors, Sri A A Krishnan and Sri P Narendranath Chowdary as its Members. The Committee was reconstituted on 4.8.2018. The Committee now comprises Sri P Narendranath Chowdary, Managing Director, as its Chairman and Directors Sri A A Krishnan and Sri Mullapudi Thimmaraja as its Members.

3. Average Net Profit of the Company for the last three Financial Years:

The average Net Profit for the last 3 Financial Years is Rs.4,96,04,200/-.

4. Prescribed CSR expenditure (2% of the amount as in Item No. 3 above)

The Company is required to incur Rs.9,92,084/- towards CSR expenditure for the Financial Year 2018-19.

5. Details of CSR expenditure incurred during the Financial Year

a) Total amount to be spent for the Financial Year: Rs.9,92,084/-

b) Amount unspent if any: NIL

c) Manner in which the amount was spent during the Financial Year:

In accordance with the Company's CSR Policy and in compliance with Companies (CSR) Rules, 2014, your Company had identified promoting Education and Sanitation as CSR Project. The Details are as under:

Sl No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects programs sub-heads: (1) Direct expenditure on projects (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Promoting Education	Donation of Chairs and Tables to Balyam Schools established under Childhood Development Programme	Visakhapatnam, Andhra Pradesh		Rs.4,52,230/-	Rs.4,52,230/-	Rs.4,52,230/-
2.	Sanitation	Construction of Toilets, Cement Benches and Supply of Office Furniture and repairs at Mandal Parishad Primary Schools, Ramanagar and Mindi	Visakhapatnam, Andhra Pradesh	Rs.9,92,084/-	Rs.6,20,537/-	Rs.6,20,537/-	Rs.6,20,537/-
			Total	Rs.9,92,084/-	Rs.10,72,767/-	Rs.10,72,767/-	Rs.10,72,767/-

7. Responsibility Statement: The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

Date: 25.5.2019
<b>RESPONSIBILITY STATEMENT</b>
We confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company.
<b>Sd/-</b> <b>(P Narendranath Chowdary)</b> <b>Managing Director</b> <b>Chairman - CSR Committee</b>

**Annexure - "D" to the Directors' Report:  
REPORT ON CORPORATE GOVERNANCE**

**A) MANDATORY REQUIREMENTS:**

**1. Company's philosophy on Corporate Governance:**

Your Company affirms that adoption of the good Corporate Governance practices in all its dealings, operations and actions is *sine qua non* for enhancement of overall shareholder value and protection of interests of all its stakeholders including customers, employees, lenders, suppliers, government and the community in which it operates.

**2. Board of Directors:**

a) As on 31.3.2019 the Board consisted of 11 Directors.

Composition and category of Directors is as follows:

Non-Executive and Independent Directors	Promoter and Executive Directors	Promoters, Non-Executive & Non-Independent Directors
Sri M R B Punja Chairman (upto 4.8.2018) Dr P Kotaiah Chairman (Additional Director with effect from 4.8.2018 and Chairman with effect from 5.11.2018) Sri A A Krishnan Sri Surinder Kumar Kapoor (upto 7.6.2018) Dr. (Smt.) D Manjulatha Sri P Venkateswara Rao (with effect from 5.11.2018)	Sri P Narendranath Chowdary Managing Director (with effect from 5.8.2018)	Sri Mullapudi Thimmaraja  Smt. Y V Anuradha, I.A.S. (upto 18.4.2019)  Sri Solomon Arokiaraj, I.A.S.  Sri Animesh Kumar Sinha  Sri Ravi Pendyala  Dr. V N Rao

b) Non-Executive Directors' Remuneration: Please refer to Point No.6.

c) During the Financial Year 2018-19, four Board Meetings were held.

Dates on which they were held : (i) 24.5.2018, (ii) 4.8.2018, (iii) 5.11.2018 and (iv) 7.2.2019

d) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships / Membership of Committees of each Director in various companies:

Name of the Director	Attendance Particulars		Directorship, Committee Membership and Chairmanship in other companies			
	Board Meetings	Last AGM	Directorship	Chairmanship	Committee Membership*	Committee Chairmanship*
Sri M R B Punja (upto 4.8.2018)	1	Not applicable	None	None	None	None
Dr. P Kotaiah (with effect from 4.8.2018)	3	No	7	--	1	--
Sri P Narendranath Chowdary	4	Yes	8	5	4	2
Sri A A Krishnan	2	No	1	None	None	None
Sri Surinder Kumar Kapoor (upto 7.6.2018)	--	Not applicable	None	None	None	None
Smt Y V Anuradha, I.A.S. (Upto 18.4.2019)	1	No	1	None	None	None
Sri Solomon Arokiaraj, I.A.S.	1	No	7	1	None	None
Dr.(Smt.) D Manjulatha	4	No	2	None	1	None
Sri Animesh Kumar Sinha	3	No	None	None	None	None
Sri Mullapudi Thimmaraja	4	Yes	2	None	3	None
Sri Ravi Pendyala	4	Yes	None	None	None	None
Dr. V N Rao	4	Yes	1	None	1	None
Sri P Venkateswara Rao	1	Not applicable	1	None	None	None

\* Represents Membership / Chairmanship of Audit Committees and Investors Grievance Committees of other public limited companies.

## **The Andhra Petrochemicals Limited**

Sri A A Krishnan, Chairman of the Audit Committee, could not attend the Annual General Meeting due to unavoidable circumstances. Sri Ravi Pendyala, Member of the Audit Committee, attended the Annual General Meeting to answer queries of the shareholders.

Names of listed entities where the person is a Director and Category of Directorship

Name of Director	Name of Listed Company	Category of Directorship
Dr. P Kotaiah	The Andhra Sugars Ltd	Non-Executive, Independent Director
Sri P Narendranath Chowdary	The Andhra Sugars Ltd JOCIL Ltd	Promoter / Executive Director Non-Executive, Non-Independent Director
Sri A A Krishnan	Vinati Organics Ltd	Non-Executive, Independent Director
Dr (Smt) D Manjulatha	The Andhra Sugars Ltd JOCIL Ltd	Non-Executive, Independent Director Non-Executive, Independent Director
Sri Solomon Arokiaraj, I.A.S.	Sree Kalahasti Pipes Ltd	Nominee Director Non-Executive, Non-Independent Director
Sri Mullapudi Thimmaraja	Avanti Feeds Ltd The Andhra Sugars Ltd JOCIL Ltd	Non-Executive, Non-Independent Director Promoter / Executive Director Non- Executive, Non-Independent Director
Sri P Venkateswara Rao	JOCIL Ltd	Non-Executive, Independent Director

### **Information given to the Board:**

The Company provides the information as set out in Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of agenda papers in advance of the meeting or by way of presentations and disclosures during the meeting.

### **Post Meeting Mechanism:**

The Important decisions taken at the Board / Board Committee Meetings are communicated to the concerned departments.

### **Familiarisation Programme for Directors:**

The newly appointed Director is explained in detail the compliance required under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his / her affirmation is taken with respect to the same. The Managing Director also has one-to-one discussion with the newly appointed Director to familiarise him / her with the Company's operations. The details of the familiarisation programmes undertaken by the Company are provided in the website of the Company at the weblink: <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>.

### **Independent Directors:**

The Non-Executive Independent Directors fulfil the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the rules made thereunder, meet with requirement of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of management. A formal letter of appointment as provided in the Companies Act, 2013 and the Regulations has been issued to each Independent Director and placed on the website of the Company. These appointment letters can be accessed at the web link: <http://www.andhrapetrochemicals.com/idal.pdf>

Orientation programme to Independent Directors was organised at the Plant premises to familiarize them about the Plant operations of the Company. All the Directors participated in the programme and acquainted themselves with the entire operations of the Company.

Chart or a matrix setting out the skills / expertise / competence of the Board of Directors specifying the following:

1	<b>Policy</b>	Policy development	Ability to identify key issues and opportunities for the Company within the industry, and develop appropriate policies to define the parameters within which the organisation should operate.
2	<b>Finance</b>	Financial performance	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>▪ analyse key financial statements;</li> <li>▪ critically assess financial viability and performance;</li> <li>▪ contribute to strategic financial planning;</li> <li>▪ oversee budgets and the efficient use of resources; and oversee funding arrangements and accountability.</li> </ul>
3	<b>Risk</b>	Risk and compliance oversight	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks and systems.
4	<b>Leadership</b>		Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth.
5	<b>Board service and governance</b>		Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
6	<b>Sales and Marketing</b>		Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.

**3. Code of Conduct:**

The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to the compliance of the Code. A declaration in this regard by the Managing Director is furnished at the end of the report. The Code has been posted on the Company's website - [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)

Code of Conduct for Directors also contains their duties approved by the Board to be in line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been posted on the Company's website at the link: [http://www.andhrapetrochemicals.com/CODE\\_OF\\_CONDUCT\\_FOR\\_DIRECTORS.pdf](http://www.andhrapetrochemicals.com/CODE_OF_CONDUCT_FOR_DIRECTORS.pdf)

**4. Audit Committee:**

A qualified and independent Audit Committee, meeting the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, has been constituted.

Previous Audit Committee comprised of four Non-Executive Independent Directors - (i) Sri A A Krishnan, Chairman (ii) Sri M R B Punja and (iii) Sri Surinder Kumar Kapoor (iv) Dr (Smt) D Manjulatha. Consequent upon changes on the Board of Directors, the Audit Committee was reconstituted on 4.8.2018 comprising of (i) Sri A A Krishnan, Chairman (ii) Dr. P Kotaiah and (iii) Dr (Smt) D Manjulatha, Non-Executive Independent Directors and one Non-Executive, Non-Independent Director Sri Ravi Pendyala. Members of the Audit Committee have considerable experience and expertise in the field of Industrial, Financial and Corporate Business Management. Sri M V V S V Prasadu, Deputy Secretary & Assistant Manager (Finance) acts as the Secretary to the Audit Committee.

Statutory, Internal and Cost Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee.

During the Financial Year 2018-19, four Audit Committee Meetings were convened on:

- (i) 24.5.2018, (ii) 4.8.2018, (iii) 5.11.2018 and (iv) 6.2.2019

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The Meeting convened on 24.5.2018 could not be held for want of quorum. All the other three Meetings were held as convened. The necessary quorum was present at these Meetings.

Attendance of Directors at the Audit Committee Meetings:

Name of the Director	No. of Meetings attended
Sri A A Krishnan	2
Sri M R B Punja (Upto 4.8.2018)	1
Sri Surinder Kumar Kapoor (Upto 7.6.2018)	Nil
Dr. P Kotaiah (with effect from 4.8.2018)	2
Sri Ravi Pendyala	3
Dr (Smt) D Manjulatha	3

### Broad terms of reference of the Audit Committee are as under:

- i. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - iii. examination of the financial statement and the auditors' report thereon;
  - iv. approval or any subsequent modification of transactions of the company with related parties;
  - v. scrutiny of inter-corporate loans and investments;
  - vi. valuation of undertakings or assets of the company, wherever it is necessary;
  - vii. evaluation of internal financial controls and risk management systems;
  - viii. monitoring the end use of funds raised through public offers and related matters.
- ❖ The Audit Committee also reviews the following information as and when required:
- Management Discussion & Analysis of financial condition and results of operations
  - Statement of significant Related Party Transactions (as defined by the Audit Committee)
  - Management letters / letters of internal control weaknesses issued by the Statutory Auditors
  - Internal Audit Reports relating to internal control weaknesses

### 5. Nomination and Remuneration Committee:

#### Composition:

Previous Nomination and Remuneration Committee comprised of three Directors. Sri Surinder Kumar Kapoor, Non-Executive Independent Director is the Chairman of the Committee. The other members are Sri M R B Punja and Sri P Narendranath Chowdary. Consequent upon changes on the Board of Directors, the Nomination and Remuneration Committee was re-constituted on 4.8.2018 comprising Dr. (Smt.) D Manjulatha, Non-Executive Independent Director as Chairperson and Sri A A Krishnan, Non-Executive Independent Director, Sri Mullapudi Thimmaraja and Dr V N Rao, Non-Executive, Non-Independent Directors as Members. The composition of this Committee is pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Meeting and attendance:

The Nomination and Remuneration Committee met 4 times during the year 2018-19 on 27.6.2018, 4.8.2018, 4.11.2018 and 6.2.2019. The necessary quorum was present at all the meetings.

Attendance particulars of Directors at the Nomination and Remuneration Committee Meetings:

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Sri Surinder Kumar Kapoor (upto 7.6.2018)	Chairman	Non-Executive, Independent	Nil
2.	Sri M R B Punja (Upto 4.8.2018)	Member	-do-	2
3.	Sri P Narendranath Chowdary (Upto 4.8.2018)	Member	Non-Executive, Promoter	2
4.	Dr. (Smt) D Manjulatha (from 5.11.2018)	Chairperson	Non-Executive, Independent	3
5.	Sri Mullapudi Thimmaraja (from 4.8.2018)	Member	Non-Executive, Promoter	2
6.	Dr V N Rao (from 4.8.2018)	Member	Non-Executive, Non-Independent	2

Broad terms of reference of Nomination and Remuneration Committee are as under:

- i. identify persons who are qualified to be Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- ii. carry out evaluation of every Director's performance
- iii. formulate the criteria for determining qualifications, positive attributes and independence of a Director and
- iv. recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and employees one level below the KMP.

While formulating the said Policy the Committee should ensure that

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b. relationship of remuneration to performance is clear and meets appropriate performance bench marks and
- c. remuneration to Director, Key Managerial Personnel and employees one level below the KMP involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**6. Remuneration:**

Nomination and Remuneration Policy:

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of sitting fees. They are paid sitting fees for each meeting of the Board or Committee thereof. Details of sitting fees paid to them during the year 2018-19:

Sri M R B Punja - Rs.40,000/-; Sri A A Krishnan - Rs.95,000/-; Smt. Y V Anuradha, I.A.S., - Rs.10,000/-; Sri Solomon Arokiaraj, I.A.S. - Rs.10,000/- (as these two Directors are the nominees of APIDC Ltd., sitting fees payable to them was paid to APIDC Ltd.); Sri Surinder Kumar Kapoor- Nil; Dr. (Smt) D Manjulatha - Rs.,1,35,000/-; Sri Ravi Pendyala - Rs.1,30,000/-, Sri Animesh Kumar Sinha - Rs.40,000/- (as he is the nominee of IDBI Bank Ltd., sitting fees payable to him was paid to IDBI Bank Ltd); Dr V N Rao - Rs.75,000/-; Dr P Kotaiah - Rs.65,000/-; Sri P Venkateswara Rao - Rs.20,000/-. Sri P Narendranath Chowdary, Managing Director (with effect from 4.8.2018) and Sri Mullapudi Thimmaraja, Director, did not draw any remuneration including sitting fees from the Company.

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2019.

Remuneration to Managing Director:

Managing Director does not draw any remuneration from the Company.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of working of its Committees.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the weblink: [http://www.andhrapetrochemicals.com/NOMINATION\\_REMUNERATION\\_POLICY.pdf](http://www.andhrapetrochemicals.com/NOMINATION_REMUNERATION_POLICY.pdf)

**7. Subsidiaries:**

The Company has no subsidiary.

**8. Details of Equity Shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March, 2019:**

Name of the Non-Executive Director	No. of shares of Rs.10/- each
Sri Mullapudi Thimmaraja	1630
Dr.(Smt.) D Manjulatha	612
Sri Ravi Pendyala	1020

**9. MANAGEMENT:**

Management Discussion & Analysis forms part of the Annual Report.

**10. CEO/CFO CERTIFICATION:**

In accordance with the requirements of the Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors of the Company, the Audit Committee and the Auditors have been furnished with the requisite Compliance Certificate from President and Chief Financial Officer.

**11. Stakeholders Grievance / Relationship Committee:**

- a) Previous Stakeholders Grievance / Relationship Committee comprised of Sri P Narendranath Chowdary (Chairman of the Committee - Non-Executive Director), Sri Mullapudi Thimmaraja and Sri Ravi Pendyala as Members of the Committee. Consequent upon the changes of the Board of Directors of the Company, the Stakeholders Grievance / Relationship Committee was reconstituted on 4.8.2018 comprising Sri Mullapudi Thimmaraja, Non-Executive Non-Independent Director as Chairman and Dr. (Smt.) D Manjulatha, Non-Executive Independent Director, Sri Ravi Pendyala, Non-Executive Non-Independent Director as Members. The Committee looks into the redressal of the shareholders' complaints like transfer of shares, non-receipt of Annual Report and declared Dividend and other matters.

## The Andhra Petrochemicals Limited

b) Investor complaints received and redressed during the year ended 31.3.2019:

Sl No.	Nature of Complaint	Complaints received and redressed
1	Non-receipt of dividend	8
2	Non-receipt of shares sent for transfer	5
3	Non-receipt of Annual Report	4
	Total	17

### 12. Corporate Social Responsibility (CSR) Committee:

CSR Committee, constituted on 24.5.2014 pursuant to Section 135 of the Companies Act, 2013 and the Companies (CSR Rules), 2014, comprised of three Directors viz., Dr. B B Ramaiah, Managing Director, is the Chairman of the Committee (upto 14.2.2018) and Sri A A Krishnan and Sri P Narendranath Chowdary are the other members of the Committee. Consequent upon the changes on the Board of Directors of the Company, the CSR Committee was re-constituted on 4.8.2018 comprising Sri P Narendranath Chowdary as Chairman and Sri A A Krishnan and Sri Mullapudi Thimmaraja as Members.

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the CSR Policy of the Company from time to time

#### Meeting and attendance:

The CSR Committee met one time during the year on 6.2.2019. The necessary quorum was present at the Meeting. All three members were attended the Meeting.

The Company formulated CSR Policy which is uploaded on the website of the Company (weblink: <http://www.andhrapetrochemicals.com/csr-policy.pdf>)

### 13. Independent Directors Meeting:

Independent Directors Meeting was held on 25.5.2019. Lead Independent Director Dr. P Kotaiah informed the Board that the following matters were discussed:

- Evaluation of performance of Non-Independent Directors and the Board as a whole.
- Evaluation of performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. Details of familiarisation programme for Independent Directors is placed at weblink: <http://www.andhrapetrochemicals.com/FAMILIARISATION%20PROGRAMME.pdf>

He further informed the Non-Executive Directors, Committees & Board as a whole performed effectively.

### 14. Details of General Body Meetings:

#### Annual General Meetings:

i) Particulars of the last three Annual General Meetings held at the Regd. Office, Venkatarayapuram, Tanuku.

Year	Date & Time
2016	29 <sup>th</sup> September, 2016, 3:00 p.m.
2017	27 <sup>th</sup> September, 2017, 3:00 p.m.
2018	28 <sup>th</sup> September, 2018, 3:00 p.m.

ii) Special Resolutions passed at the last three Annual General Meetings:

Year	Subject Matter
2016	<ol style="list-style-type: none"> <li>1. According consent to the re-appointment of Dr B B Ramaiah as Managing Director, not liable to retire by rotation, for a period of 5 years with effect from 12.11.2016, without any remuneration.</li> <li>2. According consent to the Board of Directors to finalise the scheme for invitation and acceptance of Fixed Deposits from the Public and Members, within limits prescribed in the Act and the overall borrowing limits of the Company, as approved by the Members, for the time being in force or any amendments made from time to time.</li> <li>3. Amendment to Memorandum &amp; Articles of Association of the Company in connection with the increase of Authorised Capital from Rs.85 crores to Rs.125 crores.</li> </ol>
2017	NIL
2018	<ol style="list-style-type: none"> <li>1. According consent to the appointment of Sri P Narendranath Chowdary as Managing Director for a period of five years with effect from 5.8.2018 without remuneration</li> <li>2. According consent to the appointment of Dr. P Kotaiah as Independent Director</li> </ol>



- iii) No Special Resolution was passed in the last year through Postal Ballot
- iv) No Special Resolution requiring Postal Ballot was passed in the last Annual General Meeting and no Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.
- v) No Special Resolution is proposed to be conducted through Postal Ballot

**15. Affirmations and Disclosures:**

**i) Compliance with governance frame work:**

The Company has complied with the applicable mandatory requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**ii) Related Party Transactions:**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year were in the ordinary course of business and on arm's length basis and do not attract the provisions of the Section 188 of the Companies Act, 2013. There were no materially significant transactions with the Related Parties during the Financial Year. Related Party Transactions have been disclosed under the Note No.2.36 of the Financial Statements in accordance with Accounting Standard-24. A statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis, is periodically placed before the Audit Committee for review and recommendation to the Board for their ratification.

As required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company formulated a Policy for dealing with Related Party Transactions. The Policy is available on the website of the Company (weblink: <http://www.andhrapetrochemicals.com/POLICY ON RELATED PARTY TRANSACTIONS.pdf>)

None of the transactions with Related Parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out on an arm's length basis or fair value.

- iii) Details of Non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years:

No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange / SEBI or any authority on any matter related to capital markets during the last 3 years.

**iv) Whistle Blower Policy:**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases.

**v) Disclosure of Accounting Treatment:**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

**vi) Risk Management**

Board periodically reviews the compliance of all laws, rules & regulations applicable to, and various risks affecting, the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the weblink: <http://www.andhrapetrochemicals.com/POLICY ON CORPORATE RISK MANAGEMENT.pdf>

**16. Means of Communication:**

- i) Quarterly financial results are published in "The Hindu Business Line" (English) and "Andhra Bhoomi" (Telugu). Copies of the Results published are forwarded to Stock Exchange and the results are displayed on the Website of the Company, i.e., [www.andhrapetrochemicals.com](http://www.andhrapetrochemicals.com)
- ii) The Company has not issued any press release or made any presentations to the institutional investors or analysts about its financial results during the year.

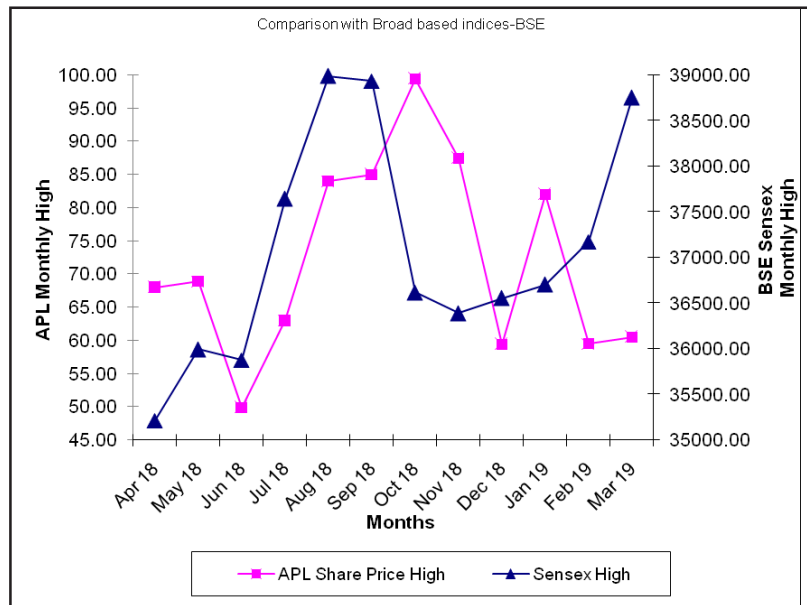
**The Andhra Petrochemicals Limited**

**17. General Shareholder Information:**

- i) Annual General Meeting
  - Date and Time : Wednesday, 10<sup>th</sup> July, 2019 at 3:00 p.m.
  - Venue : Regd. Office: Venkatarayapuram, TANUKU - 534215, West Godavari Dist., Andhra Pradesh
- ii) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- iii) Dates of Book Closure : 2.7.2019 to 10.7.2019 (both days inclusive)
- iv) Dividend payment date : from 17<sup>th</sup> July, 2019 onwards
- v) Listing on Stock Exchange and Stock Code : The Bombay Stock Exchange Ltd.  
Physical Stock Code: 12  
Demat Stock Code: 500012  
ISIN: INE714B01016
- vi) Market Price Data : High / low price of Company's Equity Shares quoted on The Bombay Stock Exchange Ltd., Mumbai during each month of the Financial Year 2018-19.

Month	High Rs. Ps.	Low Rs. Ps.
April, 2018	68.00	56.95
May, 2018	68.90	43.85
June, 2018	49.90	38.00
July, 2018	63.00	44.25
August, 2018	84.00	61.55
September, 2018	85.00	68.40
October, 2018	99.40	63.05
November, 2018	87.45	54.05
December, 2018	59.40	46.15
January, 2019	82.00	53.60
February, 2019	59.50	47.75
March, 2019	60.50	53.00

vii) Performance in comparison to BSE sensex :



- viii) Registrars and Share Transfer Agent : XL Softech Systems Ltd.  
No.3, Sagar Society, Road No.2  
Banjara Hills, Hyderabad - 500 034  
Tel: 040-23545 913 / 914 / 915  
E-mail: xlfield@gmail.com,
- ix) Share Transfer System : Transfers of Equity Shares in physical mode are effected within the statutory time limit from the date of receipt subject to documents being valid and complete in all respects. The Company obtains through its Registrars and Share Transfer Agent from a Practising Company Secretary half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files through electronic filing a copy of the said certificate with the Stock Exchange.

x) a) Shareholding pattern as on 31<sup>st</sup> March, 2019:

Sl No.	Category	No. of shares	% of holding
1	Promoters, Directors, Relatives and Associate Companies	38520462	45.33
2	Financial Institutions	20600	0.02
3	Mutual Funds	12600	0.02
4	Banks	737	0.00
5	Foreign Institutional Investors	10500	0.01
6	Non-Resident Indians	1054803	1.25
7	Bodies Corporate	3496044	4.11
8	Indian Public	41855854	49.26
<b>Total</b>		84971600	100.00

b) Distribution of shareholding as on 31<sup>st</sup> March, 2019:

Shareholding of Nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	67038	90.62	9165903	10.79
5001 - 10000	3581	4.84	2990347	3.52
10001 - 20000	1571	2.12	2453363	2.89
20001 - 30000	536	0.72	1399090	1.64
30001 - 40000	254	0.34	926575	1.09
40001 - 50000	257	0.35	1229300	1.45
50001 - 100000	374	0.51	2755612	3.24
100001 & above	369	0.50	64051410	75.38
<b>Total</b>	73980	100.00	84971600	100.00

xi) As of 31<sup>st</sup> March, 2019, 7,79,98,194 shares constituting 91.79% of paid-up capital have been dematerialised.

	<b>No. of shares</b>	<b>% of paid-up capital</b>
National Securities Depository Ltd.	4,47,59,329	52.67
Central Depository Services (India) Ltd.	3,32,38,865	39.12
<b>Total</b>	<b>7,79,98,194</b>	<b>91.79</b>

Dematerialisation of shares is attended by M/s XL Softech Systems Ltd., Hyderabad.

**Reconciliation of Share Capital Audit Report:**

As stipulated by SEBI, a qualified Practising Chartered Accountant carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

- xii) Plant location : Opp: Naval Dockyard  
VISAKHAPATNAM - 530014  
Andhra Pradesh

## **The Andhra Petrochemicals Limited**

xiii) Address for correspondence : The Andhra Petrochemicals Limited  
Venkatarayapuram, TANUKU - 534215  
West Godavari District, Andhra Pradesh  
Phone Nos. 08819-224075  
08819-220975 (Shares Dept.)  
Fax: 08819-224168  
CIN: L23209AP1984PLC004635  
Website: www.andhrapetrochemicals.com  
E-mail: info.tnk@andhrapetrochemicals.com  
investors@andhrapetrochemicals.com

### **B) NON-MANDATORY / DISCRETIONARY REQUIREMENTS:**

The Company has complied with the following non-mandatory / discretionary requirements of Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations:

#### **i) Separate posts of Chairman and CEO**

Sri M R B Punja is the Chairman (upto 4.8.2018) and thereafter Dr P Kotaiah is the Chairman and Sri P Narendranath Chowdary (with effect from 5.8.2018) is the Managing Director.

#### **ii) Reporting of Internal Auditor**

Internal Auditors directly report to the Audit Committee.

#### **iii) Audit qualification**

The Financial Statements of the Company are free from any qualification by the Auditors.

The other non-mandatory / discretionary requirements will be adopted as and when considered necessary.

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### **CEO'S DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT**

As provided in Regulation 34(3) of and Para D of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed the compliance of the Company's Code of Conduct for the Board Members and Senior Management Personnel, as applicable, for the year ended 31<sup>st</sup> March, 2019.

**Place: Hyderabad**  
**Date: 25.5.2019**

**Sd/-**  
**(P Narendranath Chowdary)**  
**Managing Director**

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### **AUDITORS' CERTIFICATE**

To  
The Members of  
The Andhra Petrochemicals Limited,  
Tanuku

We have examined the compliance of conditions of Corporate Governance by The Andhra Petrochemicals Limited, Tanuku for the year ended 31<sup>st</sup> March, 2019 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the "Listing Agreement" of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place :Visakhapatnam**  
**Date : 25.5.2019**

**For C V RAMANA RAO & CO.,**  
**Chartered Accountants**  
**Firm Regn No.002917S**  
**(Katyayani K)**  
**Partner**  
**Membership No.225030**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
The Members of  
The Andhra Petrochemicals Limited  
Venkatrayapuram, Tanuku,  
West Godavari District,  
Andhra Pradesh - 534215

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Andhra Petrochemicals Limited having CIN L23209AP1984PLC004635 and having registered office at Venkatrayapuram, Tanuku, West Godavari District, Andhra Pradesh - 534215 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and the Ministry of Corporate Affairs:

Sl No.	Name of Director	DIN
1	Pendyala Narendranath Chowdary	00015764
2	MullapudiThimmaraja	00016711
3	Pamidi Kotaiah	00038420
4	Ayilur Akileswaraiyer Krishnan	00086374
5	Vellanki Narayana Rao	00861884
6	Dasari Manjulatha	02788338
7	Pendyala Ravi	03375555
8	Parvataneni Venkateswara Rao	06387165
9	Arokiaraj Solomon	06802660
10	Animesh Kumar Sinha	07483218

Ensuring the eligibility of, for the appointment/continuity of, every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
**Proprietor**  
**M.No.F7157, C.P.No.7839**

**Date : 17<sup>th</sup> May, 2019**  
**Place : Venkatrayapuram, Tanuku**

**INDEPENDENT AUDITOR'S REPORT**

To  
**The Members of  
 THE ANDHRA PETROCHEMICALS LIMITED,  
 TANUKU.**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of THE ANDHRA PETROCHEMICALS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	How our audit addressed the Key Audit Matter
1	Adoption of Ind AS 115 "Revenue from Contracts with Customers"	
	<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the above new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations in the contract, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Note 2.24 to the Financial Statements</p>	<p>We assessed the various Company's process, contracts entered with various customers to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>■ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>■ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal controls relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>■ Compared these performance obligations with that identified and recorded by the Company.</li> <li>■ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>■ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul> <p>We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>

2. Valuation of Investments in Unquoted Equity Shares of Andhra Pradesh Gas Power Corporation Ltd., (APGPCL)	
<p>The valuation of the investments involves judgement and continues to be an area of inherent risk because quoted prices are not readily available.</p> <p>As per the MOU between the APGPCL and its shareholders, each shareholder is entitled to receive power generated in proportion to its shareholding at cost of generation plus 20% of its overheads which is substantially lower than the price charged by DISCOMs.</p> <p>In the absence of any transfer of shares of APGPCL during the year under audit the fair value of the shares has been determined by using "discounted cash flow" method in respect of savings in cost of power in future years.</p> <p>Refer Note 3.2 to the Financial Statements</p>	<p>We assessed the managements' approach to valuation for these investments by performing the following procedures:</p> <ul style="list-style-type: none"> <li>■ We have verified data inputs used in the valuation models based on historical trends.</li> <li>■ We evaluated the methodology and assumptions used by management, including reasonableness of the discounted cash flows, growth rate and discount rate applied by comparing it with the Indian Government Bond rate for a similar period.</li> <li>■ We tested the calculation of the fair value based on the assumptions applied.</li> <li>■ We found the disclosures in the financial statements to be appropriate.</li> </ul> <p><i>Conclusion:</i> Based on the work performed and the evidence obtained, we consider the methodology and assumptions used by management to be appropriate.</p>
3 Estimation of decommissioning and restoration provisions	
<p>The determination and valuation of provision is highly judgmental by its nature, as they are calculated based on assumptions that are impacted by future activities and the legislative environment in which the company operates.</p> <p>Refer Note 2.34 to the Financial Statements</p>	<p>Our audit procedures to assess the decommissioning provision included the following:</p> <ul style="list-style-type: none"> <li>■ We assessed the valuation methodology.</li> <li>■ We evaluated the reasonableness of key assumptions applied by the management to calculate new and existing provisions.</li> <li>■ We tested the calculation of the provisions.</li> <li>■ We checked the accuracy and relevance of the input data used.</li> <li>■ We found the disclosures in the financial statements to be appropriate.</li> </ul> <p><i>Conclusion:</i> Based on the work performed, we found management's assessment to be reasonable based on available evidence.</p>
4 Uncertainty regarding the extension of land lease period.	
<p>The uncertainty of extension of lease period of the Land may have an effect on the going concern status of the Company.</p> <p>The company has initiated the process of renewal of the lease of the land on which the plant is located with Visakhapatnam Port Trust (VPT), which will expire on 26.06.2019.</p> <p>There is a possibility of existence of a competitor to the company as per the procedure to be adopted by VPT as per its "land lease extension policy."</p> <p>As the company expects that the lease will be extended for at least 30 year in its favour, the unexpired period of lease for computing the provision for dismantling costs, resultant depreciation &amp; amortization of various fixed assets has been considered as 30 years.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>■ We have gone through the terms and conditions of the VPT's Land renewal lease policy "e-Tender cum e-Auction" for the allotment of the Land on long term lease.</li> <li>■ We evaluated the reasonableness of the managements' judgment that the lease period will be extended for further period of 30 years based on the facts that the company has absolute right to take over the land provided they have to match the highest bid. Further, the chances of bidding by the competitor are very insignificant due to the fact that the successful bidder has to remit the value of the structures to the company in addition to the lease rentals and security deposit.</li> </ul> <p><i>Conclusion:</i> We found management's judgment to be reasonable based on available evidence.</p>

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

## **The Andhra Petrochemicals Limited**

If, based on the work we have performed, we conclude that there is a material misstatement of this "other information", we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:



**The Andhra Petrochemicals Limited**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  

The company has neither paid nor provided any remuneration to any of the Directors of the company. Accordingly the question of reporting under the provisions of section 197(16) of the Act does not arise.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. The company has obtained a demand draft favoring "Investor Education and Protection Fund" for Rs.41.87 Lakhs on 20.11.2018 towards unpaid dividends for the year 2010-11, which were to be remitted to the fund on that date and remitted the same on 13th May 2019.

**Place : Visakhapatnam**  
**Date : 25.05.2019**

**For C V RAMANA RAO & CO**  
**Chartered Accountants**  
**Firm Registration Number: 002917S**  
**(KATYAYANI K)**  
**Partner**  
**Membership Number: 225030**

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

The **Annexure A** referred to in our Independent Auditor's report of even date, to the members of THE ANDHRA PETROCHEMICALS LIMITED, TANUKU, for the year ended 31 March 2019. We report that:

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the management during the year. According to the information furnished to us, no material discrepancies have been noticed on such verification.
  - c) The title deeds in respect of all immovable properties are held in the name of the company.
- ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director(s) is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013. The investment made by the company in an earlier year does not exceed the limits prescribed under section 186 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

## **The Andhra Petrochemicals Limited**

- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

- b) As at 31st March 2019, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

Sr. No.	Name of the Statute	Nature of the Dues	Amount * (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Income Tax	3.80	Assessment Year 2008-09	Commissioner of Income Tax (Appeals), Rajahmundry.
2.	The Income Tax Act, 1961	Income Tax	2.21	Assessment Year 2009-10	Commissioner of Income Tax (Appeals), Rajahmundry.

\*Net of Pre deposits made.

- viii) The Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.
- ix) In our opinion, the Term Loans obtained in earlier years have been applied for the purposes for which they were raised.
- x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- xi) The company has neither paid nor provided for any managerial remuneration during the financial year under report. Consequently the clause 3(xi) of the order is not applicable.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Indian Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

Place : Visakhapatnam  
Date : 25.05.2019

**For C V RAMANA RAO & CO**  
**Chartered Accountants**  
**Firm Registration Number: 002917S**  
**(KATYAYANI K)**  
**Partner**  
**Membership Number: 225030**

### **Annexure "B" to the Independent Auditors' Report**

#### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **THE ANDHRA PETROCHEMICALS LIMITED** ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Place : Visakhapatnam**  
**Date : 25.05.2019**

**For C V RAMANA RAO & CO**  
**Chartered Accountants**  
**Firm Registration Number: 002917S**  
**(KATYAYANI K)**  
**Partner**  
**Membership Number: 225030**

## **The Andhra Petrochemicals Limited**

### **Notes to the Financial Statements**

#### **1. Company Overview and Significant Accounting Policies**

##### **1.1 Company overview**

The Andhra Petrochemicals Limited (APL) is a leading manufacturer of Oxo Alcohols employing the state-of-the-art technology "Selector-30" provided by M/s Davy Process Technology, London, United Kingdom. The Government of Andhra Pradesh with an investment through Andhra Pradesh Industrial Development Corporation Limited (APIDC) along with The Andhra Sugars Limited (ASL) promoted APL, under Joint Sector Project and at present is under Assisted Sector Project.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Venkatarayapuram P.O., Tanuku Mandal, West Godavari District, Andhra Pradesh. The Company has its primary listings on the BSE Limited. The Company is having its manufacturing facilities at opposite to Naval Dockyard, Naval Base P.O., Visakhapatnam.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on May 25, 2019.

##### **1.2 Basis of preparation of financial statements**

###### **1.2.1 Statement of Compliance with Ind AS**

These financial statements are the standalone financial statements prepared by the Company complying in all material aspects with the Indian Accounting Standards (Ind AS) notified under the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, Companies (Indian Accounting Standards) Amendment Rules, 2017, Companies (Indian Accounting Standards) Amendment Rules, 2018 and Companies (Indian Accounting Standards) Second Amendment Rules, 2018.

###### **1.2.2 Recent Accounting Pronouncements -Standards issued but not yet effective**

On 30 March 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) (Amendments) Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019. The key amendments to the Ind AS Rules are:

- Introduction of new standard Ind AS 116 "Leases" and it will replace the existing standard Ind AS 17 "Leases"
- Amendments to Ind AS 12 "Income Taxes"
- Amendment to Ind AS 19 "Employee Benefits"
- Amendment to Ind AS 23 "Borrowing Costs"
- Amendment to Ind AS 28 "Investments in Associates and Joint ventures"
- Amendments to Ind AS 103 "Business Combinations"
- Amendments to Ind AS 109 "Financial Instruments"
- Amendment to Ind AS 111 "Joint Arrangements"

These amendment rules are effective from the reporting periods beginning on or after 1<sup>st</sup> April, 2019.

###### **Introduction of Ind AS 116:**

Ind AS 116 will replace the existing leases standard Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

The standard permits two possible methods of transition:

- a) Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- b) Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as
  - Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application (or)
  - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On preliminary assessment, for leases other than short-term leases and leases of low value assets, the Company will recognise a right-of-use asset and a corresponding lease liability, the amounts of which are not presently determinable, with the cumulative effect of applying the standard by adjusting retained earnings.

###### **Amendment to Ind AS 12:**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in statement of profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

**The amendment to Appendix C of Ind AS 12** specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It clarifies the following:

- A. The entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty
- B. The entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount
- C. Entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The company does not expect any significant impact of the amendment on its financial statements.

**Amendment to Ind AS 19:**

This amendment relates to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall re-measure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement.

Amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling

The company does not expect any impact from this amendment.

**Amendment to Ind AS 23:**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not expect any impact from this amendment.

**Amendment to Ind AS 28:**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The company does not currently have any long-term interests in associates and joint ventures and accordingly will not have any impact.

**Amendment to Ind AS 103:**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The company does not expect any impact from this amendment.

As the Company does not have any interests in other entities this amendment does not have any impact on the financial statements of the Company.

**Amendment to Ind AS 109:**

The amendments notified to Ind AS 109 pertain to classification of financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permits the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments. According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied.

The company does not expect this amendment to have any impact on its financial statements

**Amendment to Ind AS 111:**

The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The company does not expect any impact from this amendment.

The Company will adopt these amendments from their applicability date.

**1.2.3 Basis of Preparation**

These financial statements are prepared under historical cost convention on accrual basis except for the following -

- Certain financial instruments which are measured at fair values,
- Assets held for sale measured at fair value less cost to be incurred to sell, and
- Defined benefit plans - plan assets measured at fair value.

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

**1.3 Use of Estimates:**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies, the reported amount of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in **Note 4**. Accounting estimates could change from period to period. Actual results could differ from the estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**1.4 Current versus Non-current classification**

All assets and liabilities in the balance sheet are presented based on current/ non-current classification.

An asset is treated as current when it is:

## **The Andhra Petrochemicals Limited**

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- expected to be settled in normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### **1.5 Revenue recognition:**

Revenue is recognised as and when the entity satisfies a performance obligation by transferring a promised goods or services (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is measured at the transaction price which is determined based on the terms of contract and entity's customary practice. Amounts disclosed as revenue are inclusive of excise and duties, but exclusive of Goods and Service tax (GST), which the company pays as principal and net of returns, trade allowances, rebates, and taxes collected on behalf of the government.

### **1.6 Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes all costs directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimation of dismantling and site restoration costs. Subsequent costs relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.

Property, Plant and Equipment are componentized and are depreciated separately over their estimated useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on buildings and plant and machinery is charged under straight line method and on the remaining assets under the diminishing balance method. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### **1.7 Inventories:**

Inventories are valued at the lower of the cost (net of eligible input tax credits) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value).

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on monthly weighted average basis.
- Stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **1.8 Non Derivative Financial Instruments:**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

#### **1.8.1 Initial Recognition-**

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added/ deducted to/from the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### **1.8.2 Subsequent measurement-**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**(i) Debt instruments at amortised cost**

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation of EIR is included in finance income in the profit or loss. The impairment losses and gain/loss on derecognition are recognised in the profit or loss.

**(ii) Debt instruments at fair value through other comprehensive income**

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments under this category are measured at fair value at each reporting date. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit & loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL (residual category).

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

All equity instruments in scope of Ind AS 109 are measured at fair value by the Company. Equity investments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrecoverable.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**(iv) Equity instruments measured at fair value through other comprehensive income**

The Company has made an irrevocable election to present the subsequent fair value changes in 'other comprehensive income' for its investments in equity instruments that are not held for trading. Fair value changes on the instrument, impairment losses & reversals and foreign exchange gain or loss are recognized in the OCI. Dividends are recognised in the Profit & Loss. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

**Financial liabilities are classified in two measurement categories:**

- Financial liability measured at amortised cost
  - Financial liability measured at fair value through profit or loss
- (i) **Financial liabilities measured at fair value through profit or loss** include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The company has not designated any financial liability as at fair value through profit and loss.
- (ii) **Financial liability measured at amortised cost**

All other financial liabilities are subsequently carried at amortized cost using effective interest rate (EIR) method, thereby resulting in amortisation of transaction costs and interest expenses through Profit & Loss over the life of the instrument. The EIR amortisation is included as finance costs in the statement of profit and loss.

**1.8.3 Reclassification of financial assets-**

The company reclassifies its financial assets only when there is a change in entity's business model for managing its financial assets.

**1.8.4 Derecognition of financial instruments-**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**1.8.5 Impairment of financial assets-**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- a. Trade receivables
- b. Financial assets measured at amortized cost (other than trade receivables)
- c. Financial assets measured at fair value through other comprehensive income.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recog-

## **The Andhra Petrochemicals Limited**

nized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'.

### **1.8.6 Offsetting of financial instruments-**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **1.8.7 Fair Value of Financial instruments-**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **1.9 Employee Benefits include:**

#### **(i) Short term employee benefits-**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The company recognises a liability and an expense for bonus only when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of obligation can be made.

#### **(ii) Long term employee benefits -**

Liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### **(iii) Post employment benefits-**

The company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity: and
- (b) Defined contribution plans such as provident and pension funds.

**Defined Benefit Plans** - The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**Defined Contribution Plans-** The Company pays provident fund contributions to publicly administered provident funds as per local regulations. It has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **1.10 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

### **1.11 Non-Current Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

### **1.12 Foreign Currency Transactions:**

The functional currency of the company is the Indian rupee and the financial statements are presented in Indian rupee rounded off to the nearest lakhs except where otherwise indicated.

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.



At each Balance Sheet date

- i. Foreign currency denominated monetary items are translated into the relevant functional currency at exchange rate at the balance sheet date. The gains and losses resulting from such translations are included in net profit in the statement of profit and loss.
- ii. Foreign currency denominated non-monetary items are reported using the exchange rate at which they were initially recognized.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in statement of profit and loss.

**1.13 Provisions:**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably.

When there is a possible obligation or a present obligation in respect of which, in the likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**1.14 Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments. Equity investments and bank borrowings are excluded from cash equivalents. However, bank overdrafts which are repayable on demand are included as a component of cash and cash equivalents.

**1.15 Impairment of assets:**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**1.16 Income Taxes:**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**1.17 Earnings Per Share:**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects all dilutive potential equity shares.

Balance Sheet as at 31<sup>st</sup> March, 2019

(Rs. in lakhs)

Sr. No.	Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
1	2	3	4	5
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	a Property, plant and equipment	2.01	17214.89	18110.04
	b Capital work-in-progress		--	93.37
	c Other Intangible assets	2.01	31.20	--
	d Financial assets			
	i - Investments	2.02	446.28	536.91
	ii - Others	2.03	440.62	363.46
	e Deferred tax Assets (Net)	2.04	--	48.73
	f Other non-current assets	2.05	5.52	5.52
<b>2</b>	<b>Current assets</b>			
	a Inventories	2.06	1907.14	1610.21
	b Financial assets			
	i - Investments	2.07	1628.08	--
	ii - Trade receivables	2.08	3561.04	3418.10
	iii - Cash and cash equivalents	2.09	295.41	228.41
	iv - Bank balances other than above		--	--
	v - Others	2.10	24.83	21.04
	c Other current assets	2.11	514.41	241.61
	<b>Total Assets</b>		<b>26069.42</b>	<b>24677.40</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	a Equity Share capital	2.12	8497.16	8497.16
	b Other equity	2.13	14150.92	7268.83
	<b>LIABILITIES</b>			
<b>1</b>	<b>Non-current liabilities</b>			
	a Financial liabilities			
	i - Borrowings	2.14	558.50	1360.19
	ii - Other financial liabilities	2.15	5.00	5.00
	b Provisions	2.16	219.61	203.49
	c Deferred tax liabilities (Net)	2.17	362.99	--
<b>2</b>	<b>Current liabilities</b>			
	a Financial liabilities			
	i - Borrowings	2.18	64.48	1424.59
	ii - Trade payables	2.19	486.82	569.48
	iii - Other financial liabilities	2.20	817.31	4401.88
	b Current Tax Liabilities (Net)	2.21	117.26	16.69
	c Other current liabilities	2.22	494.50	640.78
	d Provisions	2.23	294.87	289.31
	<b>Total Equity and Liabilities</b>		<b>26069.42</b>	<b>24677.40</b>

See accompanying notes to the financial statements

<p>Per our report of even date</p> <p>For C V Ramana Rao &amp; Co., Chartered Accountants Firm Regn No.002917S Katyayani K Partner Membership No.: 225030</p> <p>Place: Visakhapatnam Date : 25.05.2019</p>	<p>For and on behalf of the Board</p> <p>Dr. P Kotaiah, Chairman P Narendranath Chowdary, Managing Director A A Krishnan, Director &amp; Audit Committee Chairman P Ratna Rao, Senior General Manager (Finance) [CFO] M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance)</p> <p>Hyderabad 25.05.2019</p>
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Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rs. in lakhs)

Sr. No.	Particulars	Note No.	This Year	Previous Year
1	2	3	4	5
<b>I</b>	<b>Revenue from operations</b>	<b>2.24</b>	<b>66586.22</b>	53275.26
<b>II</b>	<b>Other income</b>	<b>2.25</b>	<b>271.95</b>	242.77
<b>III</b>	<b>Total Income (I + II)</b>		<b>66858.17</b>	53518.03
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	<b>2.26</b>	<b>46395.00</b>	35838.77
	Changes in inventories of finished goods and work-in-progress	<b>2.27</b>	<b>(41.17)</b>	1269.51
	Employee benefit expense	<b>2.28</b>	<b>1926.70</b>	1812.87
	Finance cost	<b>2.29</b>	<b>591.81</b>	1186.54
	Depreciation and amortisation expense	<b>2.01</b>	<b>1049.48</b>	949.27
	Other expense	<b>2.30</b>	<b>7437.25</b>	7735.09
	<b>Total expenses (IV)</b>		<b>57359.07</b>	48792.05
<b>V</b>	<b>Profit before exceptional items and tax (III-IV)</b>		<b>9499.10</b>	4725.98
<b>VI</b>	Exceptional items		--	--
<b>VII</b>	<b>Profit before tax (V-VI)</b>		<b>9499.10</b>	4725.98
<b>VIII</b>	<b>Tax expense</b>			
	(1) Current Tax	<b>2.31</b>	<b>2071.12</b>	1000.28
	(2) Adjustment of Tax expense for earlier years		<b>27.18</b>	--
	(3) Deferred tax	<b>2.31</b>	<b>417.44</b>	(924.37)
<b>IX</b>	<b>Profit for the year from continuing operations (VII-VIII)</b>		<b>6983.36</b>	4650.07
<b>X</b>	<b>Profit/ (Loss) from discontinued operations</b>		--	--
<b>XI</b>	<b>Tax expense of discontinued operations</b>		--	--
<b>XII</b>	<b>Profit/ (Loss) from discontinuing operations (after tax)</b>		--	--
<b>XIII</b>	<b>Profit for the Year</b>		<b>6983.36</b>	4650.07
<b>XIV</b>	<b>Other comprehensive income</b>			
	A Items that will not be reclassified to profit or loss:			
	(i) Remeasurement gains/(losses) on the defined benefit plans		<b>(16.36)</b>	(28.17)
	Income tax effect on the above		<b>5.72</b>	9.84
	(ii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		--	--
	(iii) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		<b>(90.63)</b>	(213.09)
	Income tax effect on above		--	--
	B Items that will be reclassified to profit or loss:		--	--
	Income tax relating to items that will be reclassified to profit or loss		--	--
<b>XV</b>	<b>Total comprehensive income for the period (XIII+XIV)</b> (Comprising Profit/loss+other comprehensive income for the period)		<b>6882.09</b>	4418.65
<b>XVI</b>	<b>Earnings per equity share (for continuing operations)</b>	<b>2.37</b>		
	a) Basic		<b>8.22</b>	5.47
	b) Diluted		<b>8.22</b>	5.47
<b>XVII</b>	<b>Earnings per equity share (for discontinued operations)</b>			
	a) Basic		--	--
	b) Diluted		--	--
<b>XVIII</b>	<b>Earnings per equity share (for discontinued &amp; continuing operations)</b>			
	a) Basic		<b>8.22</b>	5.47
	b) Diluted		<b>8.22</b>	5.47

See accompanying notes to the financial statements.

<b>Per our report of even date</b>	<b>For and on behalf of the Board</b>
<b>For C V Ramana Rao &amp; Co.,</b> Chartered Accountants Firm Regn No.002917S Katyayani K Partner Membership No.: 225030	<b>Dr. P Kotaiah, Chairman</b> <b>P Narendranath Chowdary, Managing Director</b> <b>A A Krishnan, Director &amp; Audit Committee Chairman</b> <b>P Ratna Rao, Senior General Manager (Finance) [CFO]</b> <b>M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance)</b>
<b>Place: Visakhapatnam</b> <b>Date : 25.05.2019</b>	<b>Hyderabad</b> <b>25.05.2019</b>

**The Andhra Petrochemicals Limited**

**Note 2.01: Property, Plant & Equipment**

(₹ in lakhs)

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1.4.2018	Additions	(Disposals)	Balance as at 31.3.2019	Upto 1.4.2018	For the year	On disposals	Total upto 31.3.2019	Balance as at 31.3.2019	Balance as at 31.3.2018
<b>a Tangible Assets</b>										
Land	9.07	--	--	9.07	--	--	--	--	9.07	9.07
Buildings *	1695.15	5.12	--	1700.27	1016.49	29.74	--	1046.23	654.04	678.66
Plant and Equipment	45061.42	80.45	--	45141.87	27664.05	991.07	--	28655.12	16486.75	17397.37
Furniture and Fixtures	65.84	2.68	--	68.52	62.12	2.41	--	64.53	3.99	3.72
Office equipment	83.98	63.92	0.22	147.68	74.80	21.02	0.21	95.61	52.07	9.18
Vehicles	68.09	0.04	--	68.13	56.05	3.11	--	59.16	8.97	12.04
<b>Total (A)</b>	46983.55	152.21	0.22	47135.54	28873.51	1047.35	0.21	29920.65	17214.89	18110.04
<b>b Intangible Assets</b>										
Computer Software	--	33.33	--	33.33	--	2.13	--	2.13	31.20	--
<b>Total (B)</b>	--	33.33	--	33.33	--	2.13	--	2.13	31.20	--
<b>Grand Total (A+B)</b>	46983.55	185.54	0.22	47168.87	28873.51	1049.48	0.21	29922.78	17246.09	18110.04
Previous year	46902.64	907.47	826.56	46983.55	28549.05	949.27	624.81	28873.51	18110.04	18353.58

\* Buildings of the value of Rs.1677.64 lakhs constructed on Leasehold Land.

**Note 2.02: Non-current Financial Assets -Investments**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Investments at Fair Value through Other Comprehensive Income</b>				
Unquoted Equity instruments				
4,02,000 Equity Shares of Rs.10/- each fully paid-up in Andhra Pradesh Gas Power Corporation Ltd.		446.28		536.91
<b>Total</b>		446.28		536.91

**Reasons for Investments designated to measure at FVTOCI:**

The Company has elected an irrevocable option of classifying at Fair Value Through Other Comprehensive Income as they are not held primarily for trading.

**Note 2.03: Non-current Financial Assets -Others**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Security Deposits Recoverable</b> (Unsecured, considered good)		440.62		363.46
<b>Total</b>		440.62		363.46

**Note 2.04: Deferred Tax Assets (Net)**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:</b>				
<b>Assets:</b>				
Expenditure charged to Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	--		169.05	
Provision for decommissioning cost	--		12.54	
Unamortised Interest costs	--		0.11	
Unabsorbed depreciation under Income Tax Act	--	--	2124.47	2306.17
<b>Liabilities:</b>				
Difference between tax and book depreciation	--		4061.45	
Unamortised transaction costs	--	--	8.38	4069.83
MAT credit entitlement		--		(1763.66)
		--		1812.39
<b>Total</b>		--		48.73

**Note 2.04(a): Deferred Tax Expense/ (Income)**

Expense/ (Income) recognised for the year ended	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
Deferred tax (liability)/ Asset recognised in statement of profit or loss		417.44		(924.37)
Deferred tax (liability)/ Asset recognised in Other Comprehensive Income		(5.72)		(9.84)
Deferred tax recognised in Total Comprehensive Income		411.72		(934.21)

**Note 2.05: Other Non-current Assets**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Security Deposits Recoverable</b> (Unsecured, considered good)		5.52		5.52
<b>Total</b>		5.52		5.52

**Note 2.06: Inventories**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Raw Materials	310.71		237.31	
Goods-in transit	148.66	459.37	33.30	270.61
b. Work-in-progress		142.81		95.39
c. Finished goods		305.96		312.21
d. Stores and spares		999.00		932.00
Method of valuation is stated in Accounting Policies vide Note No.1.7				
<b>Total</b>		1907.14		1610.21

**Note 2.07 Current Financial Assets -Investments**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Investments at Fair Value through Profit &amp; Loss</b>				
<b>Investments in Mutual Funds</b>				
- SBI Mutual Fund		954.25		--
- HDFC Mutual Fund		673.83		--
<b>Total</b>		1628.08		--

**The Andhra Petrochemicals Limited**

**Note 2.08: Trade Receivables**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Trade receivables</b> Unsecured, considered good and due for less than six months		3561.04		3418.10
<b>Total</b>		3561.04		3418.10

**Note 2.09: Cash and Cash Equivalents**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
a. Balances with banks This includes:	226.93	226.93	90.05	90.05
Earmarked Balances (e.g. Unpaid Dividend accounts - less than seven years)	25.76		66.61	
b. Margin money deposits		0.71		2.68
c. Cheques, drafts in transit		66.07		134.42
d. Cash on hand		1.70		1.26
<b>Total</b>		295.41		228.41

**Note 2.10: Other Current Financial Assets**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest receivable		23.72		19.82
Others		1.11		1.22
<b>Total</b>		24.83		21.04

**Note 2.11: Other Current Assets**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Unsecured, considered good</b>				
Prepaid Expenses		51.53		24.98
Advances to Suppliers		447.65		182.10
Advances to staff		0.10		0.04
Income tax Refund Receivable		13.82		18.72
VAT Refund Receivable		--		1.45
CST Paid Under Protest		--		13.83
IGST paid-in-Advance		1.31		0.49
<b>Total</b>		514.41		241.61

**Note 2.12: Equity**

**a. Equity Share Capital**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised</b> Equity Shares of ₹10 each	125000000	12500.00	125000000	12500.00
<b>Issued</b> Equity Shares of ₹10 each	84971600	8497.16	84971600	8497.16
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹10 each fully paid	84971600	8497.16	84971600	8497.16
<b>Total</b>	84971600	8497.16	84971600	8497.16

**Terms/ rights attached to equity shares**

Equity shares have a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

**b. Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.**

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
The Andhra Sugars Limited	28086613	33.05%	28086613	33.05%
Andhra Pradesh Industrial Development Corporation Ltd.,	9180000	10.80%	9180000	10.80%

**c. In respect of the year ended 31<sup>st</sup> March, 2019, the Board of Directors has proposed a dividend of Rs.1.50 (15 percent) per Equity Share, subject to approval by the shareholders at the ensuing Annual General Meeting after which dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act.**

**Note 2.13: Other Equity**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
a) Capital Reserve		23.37		23.37
b) Securities Premium		412.63		412.63
c) General Reserve		2500.00		2500.00
d) Retained Earnings		11329.86		4346.49
e) <b>Other Comprehensive Income</b>				
Equity Instruments through Other Comprehensive Income		(80.03)		10.60
Re-measurement of Defined benefit plans		(34.91)		(24.26)
<b>Total</b>		<b>14150.92</b>		<b>7268.83</b>

**Nature of reserves:**

- Capital Reserve** : Capital reserve represents incentives given by the FFIs for onetime settlement of the foreign currency loan.
- Securities Premium** : Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.
- General Reserve** : The general reserve is created by way of transfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- Retained Earnings** : Retained earnings generally represents the undistributed profit amount of accumulated earnings of the company.
- Other Comprehensive Income:**  
Other Comprehensive Income (OCI) represents the balance in equity for items to be accounted under OCI and comprises of:  
items that will not be reclassified to profit and loss
  - The Company has made an irrevocable election to present the subsequent fair value changes of investments in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value including tax effects. The company transfers restated fair value amounts from this reserve to retained earnings when the relevant financial instruments are disposed.
  - The actuarial gains and losses along with tax effects arising on defined benefit obligations are recognised in OCI.

**The Andhra Petrochemicals Limited**

**Note 2.14: Non-current Financial Liabilities - Borrowings**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>Working Capital Term Loans</b>				
IDBI Bank Limited		346.90		692.78
State Bank of India		100.32		333.58
Andhra Bank		111.28		333.83
(Secured by the hypothecation of raw materials, work in process, finished goods, stores and spares and book debts by paripassu charge with Working Capital Lenders and further secured by paripassu charge, by mortgage of the Company's immovable properties and hypothecation of movable plant and machinery, present and future. Further, The Andhra Sugars Limited, promoter of the company has given an undertaking to the bankers to pledge to them its investment in the equity of the company, in the event of default by the company).				
Terms of Repayment: Repayable in 16 equal quarterly instalments commencing from April 1, 2017.				
<b>Total</b>		<b>558.50</b>		<b>1360.19</b>

**Note 2.15: Non-current Financial Liabilities - Others**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
Deposits Refundable		5.00		5.00
<b>Total</b>		<b>5.00</b>		<b>5.00</b>

**Note 2.16: Non-current Provisions**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>(a) Provision for employee benefits:</b>				
Compensated Absences		181.11		167.60
<b>(b) Provision for Decommissioning Liability</b>		38.50		35.89
<b>Total</b>		<b>219.61</b>		<b>203.49</b>

**Note 2.17: Deferred Tax Liability (Net)**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
Major components of Deferred Tax Liabilities and Assets arising on account of timing difference are:				
<b>Liabilities:</b>				
Difference between tax and book depreciation	4064.21	4069.38	--	--
Unamortised transaction costs	5.17		--	
<b>Assets:</b>				
Expenditure charged to Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	183.71	197.16	--	--
Provision for decommissioning cost	13.45		--	
Deferred Tax Liability		3872.22		--
MAT credit entitlement		3509.23		--
<b>Total</b>		<b>362.99</b>		<b>--</b>



**Note 2.18: Current Financial Liabilities - Borrowings**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Secured</b>				
<b>Loans repayable on demand:</b>				
From banks		64.48		1424.59
(Secured by the hypothecation of raw materials, work in process, finished goods, stores and spares and book debts and collaterally secured by Second Charge on the fixed assets, both present and future, of the Company).				
<b>Total</b>		<b>64.48</b>		<b>1424.59</b>

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 2.33

**Note 2.19: Current Financial Liabilities - Trade Payables**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
(A) Total outstanding dues of Micro and Small Enterprises		--		--
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		486.82		569.48
<b>Total</b>		<b>486.82</b>		<b>569.48</b>

**Dues to Small and Medium Enterprises :**

(a) Principal amount and interest due thereon remaining unpaid	NIL	NIL
(b) Interest paid in terms of Section 16 of MSMED Act, 2006		
(c) Interest due and payable for the period of delay excluding interest specified under MSMED Act, 2006		
(d) Interest accrued and remaining unpaid at the end of the year		
(e) Further interest due and payable in terms of section 23 of MSMED Act, 2006		

**Note 2.20: Current Financial Liabilities - Others**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Current maturities of long-term debt		790.83		4334.05
(b) Interest accrued but not due on borrowings		0.72		1.22
(c) Unpaid dividends		25.76		66.61
<b>Total</b>		<b>817.31</b>		<b>4401.88</b>

**Note 2.21: Current Tax Liabilities (Net)**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
Provision for Income Tax		117.26		16.69
<b>Total</b>		<b>117.26</b>		<b>16.69</b>

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**Note 2.22: Other Current Liabilities**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
(a) Advances received against sales		54.10		200.56
(b) Other Liabilities		440.40		440.22
<b>Total</b>		<b>494.50</b>		<b>640.78</b>

**Note 2.23: Current Provisions**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Provision for employee benefits</b>				
Gratuity (Funded)		153.82		156.86
Compensated Absences		141.05		132.45
<b>Total</b>		<b>294.87</b>		<b>289.31</b>

**Note 2.24: Revenue from operations**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Sale of products (Oxo Alcohols) including excise duty upto 30 <sup>th</sup> June 2017 and exclusive of GST from 1 <sup>st</sup> July, 2017 onwards		66586.22		53275.26
<b>Total</b>		<b>66586.22</b>		<b>53275.26</b>

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The impact of the adoption of the standard on the financial statements of the Company is insignificant. However, various disclosures prescribed under Ind As 115 are given below:

**Note: 2.24 (A) Revenue disaggregation by industry vertical is as follows:** (₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (*)
Fixed price manufacturing contracts	66586.22	51820.00
<b>Total</b>	<b>66586.22</b>	<b>51820.00</b>

(\*) Excluding Excise Duty

**Note: 2.24 (B) Revenue disaggregation by geography is as follows:** (₹ in lakhs)

Revenue earned from states in India (*)	For the year ended March 31, 2019	For the year ended March 31, 2018 (**)
ANDHRA PRADESH	1071.51	703.06
BIHAR	26.22	16.10
CHHATTISGARH	8.18	9.18
DADRA AND NAGAR HAVELI	24093.21	20500.35
DAMAN AND DIU	279.75	2606.29
DELHI	34.61	274.14
GUJARAT	8401.81	4174.93
HARYANA	180.93	62.54
JAMMU AND KASHMIR	5079.56	5176.76
JHARKHAND	3.21	3.52
KARNATAKA	525.70	130.01
KERALA	136.97	83.48
MADHYA PRADESH	914.32	172.26
MAHARASHTRA	19339.83	15033.29
PUDUCHERRY	24.11	42.19
RAJASTHAN	3670.15	1156.48
TAMIL NADU	1652.08	575.66
TELANGANA	580.16	448.33
UTTAR PRADESH	446.66	517.67
WEST BENGAL	117.25	133.76
<b>Total</b>	<b>66586.22</b>	<b>51820.00</b>

(\*) Company earns revenue only from INDIA & Geographical revenue is allocated based on the goods sent to the location of the customers.  
 (\*\*) Excluding excise duty

**Note: 2.24 (C) Reconciliation of revenue recognized with the contracted price is as follows:**  
 (Rs. in lakhs)

Particulars	For the year ended March 31, 2019
Contracted price with customers	67291.43
Less: Amounts adjusted for Discounts, rebates, refunds etc	705.21
<b>Revenue recognised in the statement of profit and loss</b>	<b>66586.22</b>

**Note: 2.24 (D) Changes in advances received from customers (Contract liability) are as follows:**  
 (Rs. in lakhs)

Particulars	For the year ended March 31, 2019
Balance at the beginning of the year	200.56
Amounts received during the year	17.81
Less: revenue recognised during the year	164.27
<b>Balance at the end of the year (Net)</b>	<b>54.10</b>

**Note: 2.24 (E) The details in respect of percentage of revenues generated from top customers are as follows:**

Particulars	(In %)	(In %)
	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from top customer M/s KLJ Plasticizers Ltd	27.95	32.59
Revenue from 2nd top customer M/s Troix Chemicals Pvt Ltd	9.43	9.58
Revenue from 3rd top customer M/s Rachna Plasticizers	8.31	7.06
Revenue from 4th top customer M/s Meghaaarika International Pvt Ltd	7.64	9.97

The Company deals with largest corporates in India and the company believes 100% reliance of recovery of its receivables.

**Note 2.25: Other Income**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Interest income from:</b>				
Financial assets at amortised cost	26.42		21.98	
Financial assets measured at fair value	93.27		189.08	
Others	0.25	119.94	--	211.06
<b>Other non operating income:</b>				
Net gains on sale of financial assets measured at FVTPL		95.03		2.99
Net gains (losses) on fair value changes -				
- Investments classified at FVTPL		5.77		--
Miscellaneous Receipts		25.94		21.23
Grants received under PMRPY scheme		2.53		0.56
Unclaimed credit balance & excess provisions made in earlier years written back		22.74		6.81
Net gain on disposal of property, plant and equipment		--		0.12
<b>Total</b>		<b>271.95</b>		<b>242.77</b>

**Note 2.26: Cost of Materials Consumed**

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Raw Materials Consumed</b>				
Opening Stock		237.31		492.86
Add: Purchases		46468.40		35583.22
		46705.71		36076.08
Less: Closing Stock		310.71		237.31
<b>Total</b>		<b>46395.00</b>		<b>35838.77</b>

## The Andhra Petrochemicals Limited

### Details of Raw materials consumed

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
i) Propylene		32858.75		24967.45
ii) Naphtha		13536.25		10871.32
<b>Total</b>		<b>46395.00</b>		<b>35838.77</b>

### Note 2.27: Change in Inventories of Finished Goods and Work-in-Progress

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>A) Closing Stock</b>				
Finished Goods		305.96		312.21
Work-in-progress		142.81		95.39
<b>Total (A)</b>		<b>448.77</b>		<b>407.60</b>
<b>B) Opening Stock</b>				
Finished Goods		312.21		1556.55
Work-in-progress		95.39		120.56
<b>Total (B)</b>		<b>407.60</b>		<b>1677.11</b>
(Increase)/Decrease in stocks (B-A)		(41.17)		1269.51
<b>Total</b>		<b>(41.17)</b>		<b>1269.51</b>

### Note 2.28: Employee Benefit Expense

Particulars	This Year		Previous Year	
	Details	₹ in lakhs	Details	₹ in lakhs
Salaries and Allowances		1654.08		1563.13
Company's Contribution to Provident and other Funds		107.15		97.62
Contribution to Gratuity Fund		32.29		26.37
Workmen and Staff Welfare Expenses		133.18		125.75
<b>Total</b>		<b>1926.70</b>		<b>1812.87</b>

Employee benefit plans:

As per Indian Accounting Standard 19 "Employees' Benefits" the disclosure of Employee Benefits as defined in the Standard are given hereunder:

Defined Contributions Plans:

Contributions to Defined Contribution plans, recognized as expense for the year, are as under:

Particulars	₹ in lakhs	
	2018-19	2017-18
Employer's Contributions to Provident and Pension Funds	107.15	97.63

Defined Benefit Plans:

A. The company provides for gratuity to the employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity is payable on retirement/resignation. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using "Projected Unit Credit Method" on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

B. The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the "Projected Unit Credit Method" which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit obligations

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	426.14	371.61	300.05	250.56
Interest Cost	32.53	29.27	22.72	19.30
Current Service Cost	20.78	20.25	29.83	41.56
Benefits paid	(38.80)	(11.47)	(32.14)	(18.59)
Actuarial loss / (gain) on obligation	9.86	16.47	1.69	7.21
Defined Benefit obligation at year end	450.51	426.14	322.15	300.04

II. Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	This year	Previous year
Fair value of plan assets at beginning of the year	269.29	235.65
Interest Income	21.03	23.15
Contributions	50.00	26.44
Benefits paid	(38.80)	(11.47)
Remeasurements - Return on Assets (Excluding Interest Income)	(4.82)	(4.49)
Fair value of plan assets as at the end of the year	296.70	269.28

III. Reconciliation of fair value of assets and obligations as at 31.03.2019

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	31 March, 2019	31 March, 2018
Fair value of plan assets	296.70	269.29
Present value of obligation	450.51	426.14
Amount recognized as liability in Balance Sheet	153.81	156.85

(₹ in lakhs)

Particulars	Compensated absences (Unfunded)	
	31 March, 2019	31 March, 2018
Fair value of plan assets	--	--
Present value of obligation	322.15	300.05
Amount recognized as liability in Balance Sheet	322.15	300.05

Company is maintaining the planned assets through a group policy with Life Insurance Corporation of India

IV. Expenses recognized during the year in the Statement of Profit & Loss under employee benefit expenses

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Current Service Cost	20.78	20.25	29.83	41.56
Interest Cost	32.53	29.27	22.72	19.30
Expected return on plan assets	(21.03)	(23.15)	--	--
Actuarial (gain)/ loss	--	--	--	--
Expenses recognized in the Statement of Profit & Loss	32.28	26.37	52.55	60.86

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V. Amount to be recognized in statement of other comprehensive income

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	<b>9.86</b>	16.47	<b>1.69</b>	7.20
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	<b>4.82</b>	4.49	--	--
Expenses recognized in the statement of Other Comprehensive Income	<b>14.68</b>	20.96	<b>1.69</b>	7.20

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
(Gain)/loss from change in demographic assumptions	--	--	--	--
(Gain)/loss from change in financial assumptions	<b>13.17</b>	4.49	<b>2.46</b>	9.19
(Gain)/loss from change in experience adjustments	<b>1.51</b>	16.47	<b>(0.77)</b>	(1.99)

VI. Significant estimates: actuarial assumptions

Particulars	Gratuity (Funded)	
	31 March, 2019	31 March, 2018
<i>Discount Rate:</i>		
Gratuity (Funded)	<b>7.65%</b>	8.00%
Compensated absences (Unfunded)	<b>7.65%</b>	8.00%
<i>Salary Escalation Rate:</i>		
Gratuity (Funded)	<b>7.00%</b>	7.00%
Compensated absences (Unfunded)	<b>7.00%</b>	7.00%
<i>Withdrawal / Attrition Rate:</i>		
Gratuity (Funded)	<b>5% to 15%</b>	5% to 15%
Compensated absences (Unfunded)	<b>5% to 15%</b>	5% to 15%

VII. Maturity Profile of Defined Benefit Obligations:

(₹ in lakhs)

Particulars	Gratuity (Funded)		Compensated absences	
	This year	Previous year	This year	Previous year
Expected outflow in year1	<b>37.37</b>	59.22	<b>140.21</b>	132.45
Expected outflow in year2	<b>48.00</b>	33.73	<b>56.02</b>	49.25
Expected outflow in year3	<b>80.73</b>	43.27	<b>54.40</b>	32.34
Expected outflow in year4	<b>61.65</b>	73.71	<b>27.50</b>	40.49
Expected outflow in year5	<b>65.90</b>	44.52	<b>24.22</b>	19.88
Expected outflow in year6	<b>59.58</b>	70.85	<b>20.98</b>	21.28
Expected outflow in year7	<b>45.80</b>	53.84	<b>14.15</b>	16.09
Expected outflow in year8	<b>58.62</b>	41.30	<b>13.82</b>	10.90
Expected outflow in year9	<b>36.47</b>	52.57	<b>9.16</b>	10.91
Expected outflow in year10	<b>32.06</b>	27.64	<b>7.20</b>	6.53

VIII. Significant estimates : Sensitivity analysis

Discount rate, Salary Escalation Rate and Attrition/Withdrawal rate are significant actuarial assumptions. The change in Present value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

(₹ in lakhs)

Particulars	Effect on gratuity valuation	
	This year	Previous year
Impact on present value of defined benefit obligation if discount rate increase by	<b>427.40</b>	404.23
Impact on present value of defined benefit obligation if discount rate decrease by	<b>476.07</b>	450.39
Impact on present value of defined benefit obligation if salary increase by	<b>471.07</b>	446.12
Impact on present value of defined benefit obligation if salary decrease by	<b>430.76</b>	406.49
Impact on present value of defined benefit obligation if withdrawal/attrition increase by	<b>452.43</b>	428.00
Impact on present value of defined benefit obligation if withdrawal/attrition decrease by	<b>448.40</b>	424.08

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(₹ in lakhs)

Particulars	Effect on Compensated Absences			
	Leave Encashment		Sick leave benefit	
	This year	Previous year	This year	Previous year
Impact on present value of defined benefit obligation if discount rate increase by	205.75	188.98	109.53	104.70
Impact on present value of defined benefit obligation if discount rate decrease by	219.44	201.65	110.11	105.26
Impact on present value of defined benefit obligation if salary increase by	220.69	202.85	111.07	106.17
Impact on present value of defined benefit obligation if salary decrease by	204.42	187.72	108.57	103.78
Impact on present value of defined benefit obligation if withdrawal/attrition increase by	212.48	195.41	109.22	104.41
Impact on present value of defined benefit obligation if withdrawal/attrition decrease by	212.19	194.73	110.42	105.55

IX. Other Disclosures

(₹ in lakhs)

Particulars	Gratuity	
	This year	Previous year
a) Best Estimate Contribution during the next year	76.91	78.43
b) Discontinuance liability	493.72	471.74

(₹ in lakhs)

Particulars	Effect on Compensated Absences			
	Leave Encashment		Sick leave benefit	
	This year	Previous year	This year	Previous year
a) Best Estimate Contribution during the next year	106.17	97.54	54.91	52.49
b) Discontinuance liability	224.19	204.83	--	--

As per the enterprise's accounting policy actuarial gains and losses are recognized immediately during the same year itself.  
The above information is certified by the Actuary.

**Note 2.29: Finance Charges**

Particulars	This year		Previous year	
	Details	₹ in lakhs	Details	₹ in lakhs
Interest expense		267.27		642.94
Amortisation of Interest/transaction costs using Effective Interest Rate		276.48		502.68
Unwinding of discount on provisions		2.61		2.44
Bank charges		45.45		38.48
		--		--
<b>Total</b>		<b>591.81</b>		<b>1186.54</b>

**The Andhra Petrochemicals Limited**

**Note 2.30: Other Expenses**

Particulars	This year		Previous year	
	Details	₹ in lakhs	Details	₹ in lakhs
Consumption of stores and spares		1365.82		1200.92
Excise duty paid		--		1455.26
Adjustment of excise duty on stocks		--		(172.50)
Fuel, Power and Lighting		4779.40		4237.12
Repairs to Building		47.50		24.60
Repairs to Machinery		565.08		411.51
Rent		280.13		34.09
Rates and Taxes		24.92		22.02
Insurance		64.31		52.05
Directors' Sitting Fees		6.20		4.30
Auditors' Remuneration				
for Audit Fees	3.00		2.89	
for Taxation Matters	0.51		0.62	
for Other Services	2.74		2.27	
for Out of Pocket Expenses	--	6.25	--	5.78
Cost Auditors' Remuneration		1.25		1.10
Loss on sale of assets		--		23.80
Corporate Social Responsibility Expenses		10.73		--
Miscellaneous Expenses		285.66		287.00
Assets written off		--		148.04
<b>Total</b>		<b>7437.25</b>		<b>7735.09</b>

**Note 2.31: Income Tax Expense**

Particulars	This year		Previous year	
	Details	₹ in lakhs	Details	₹ in lakhs
<b>Current tax</b>				
- Based on provisions u/s 115JB of the Income Tax Act, 1961		1696.84		1000.28
- Based on other provisions of the Income Tax Act, 1961		374.28		--
		2071.12		1000.28
<b>Deferred tax</b>				
Decrease /(increase) in Deferred Tax Assets		417.89		(1138.80)
Increase /(decrease) in Deferred Tax Liability		(0.45)		214.43
		417.44		(924.37)
<b>Total Income Tax Expense</b>		<b>2488.56</b>		<b>75.91</b>



**Note 2.31(a): Reconciliation of tax expense and the accounting profit multiplied by tax rate**

Particulars	This year		Previous year	
	Details	₹ in lakhs	Details	₹ in lakhs
Profit from continuing operation before income tax expense		9499.10		4725.98
Profit from discontinuing operation before income tax expense		--		--
<b>Total</b>		<b>9499.10</b>		<b>4725.98</b>
<b>Tax @34.944% (for FY 17-18 @34.608%)</b>				
<b>Tax effect of amount which are not deductible (taxable) in calculating taxable income:</b>				
Corporate social responsibility expenditure		3.75		--
Employee share based payment expense		--		--
Contingent consideration		--		--
Other Items		35.77		0.01
Differences in Domestic tax rates		--		100.25
Previously unrecognised tax losses now recouped to reduce current tax expense		(870.33)		(1658.66)
Previously unrecognised tax losses used to reduce deferred tax expenses		--		(1.26)
<b>Income Tax expense</b>		<b>2488.56</b>		<b>75.91</b>

**Note 2.31(b): Components of Tax expense**

Particulars	This year		Previous year	
	Details	₹ in lakhs	Details	₹ in lakhs
a) Current tax expense		2071.12		1000.28
b) Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences		2108.56		(28.86)
c) Amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes (i.e.,34.944%-33.063%)		--		94.94
d) Amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce current tax expense		870.33		1658.66
e) Amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense		--		(1.26)

**Note 2.31(c): Tax losses not recognised as Deferred Tax Asset**

(₹ in lakhs)

Particulars	This year	Previous year
Unused tax losses - Carried forward business losses	--	2490.65
Potential tax benefit	--	870.33

Unrecognised carried forward business losses expires, if unutilised, based on the year of origination as follows:

(₹ in lakhs)

Year of Expiry	This year	Previous year
Financial Year ending March 31,		
2022	--	--
2023	--	648.02
2024	--	1705.68
2025	--	136.95
<b>Total</b>	<b>--</b>	<b>2490.65</b>

**Note 2.31(d): Unused Tax losses recognised as Deferred Tax Asset**

(₹ in lakhs)

Particulars	This year	Previous year
Unused tax losses	--	6079.65
Unused tax credits	3509.23	1812.39

The unused tax credits represents the MAT credit entitlements and the same can be carried forward upto 15<sup>th</sup> assessment year, immediately succeeding the assessment years in which such tax credit becomes allowable.

The Company's future profitability depends on the external factors like international supply and demand for its products, crude prices, exchange fluctuations, dumping from sources other than that covered by Anti dumping duty. The company has made profits during the current financial year as the aforesaid factors are favourable to the company.

**The Andhra Petrochemicals Limited**

**Note 2.32: Contingent Liabilities and Commitments**

(₹ in lakhs)

Particulars	This year	Previous year
<b>(i) Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt</b>		
(a) Outstanding Guarantees to Banks including Letters of Credit opened with Banks for supplier payments	14.16	27.16
(b) Claims made by EPDC of A.P.Ltd., contested by Company towards:		
i) Grid Support charges	115.97	115.97
ii) Disputed demand charges against APGPCL Demand allocation	10.47	10.47
iii) Demand against excess incentive recovery	13.20	13.20
iv) Demand raised by APEPDCL against Stage-II supply from APGPCL	13.28	13.28
(c) Others:		
i) Disputed Income Tax demands for the Asst. Years 2006-07, 2008-09, 2009-10, 2012-13 & 2015-16	6.01	99.75
ii) Disputed CST amount on Interest collected from Debtors during the FY 2014-15, 2015-16, 2016-17 and 2017-18 upto 30 <sup>th</sup> June, 2017. (Rs.13.83 Lakhs paid under protest - grouped under Short Term Loans & Advances)	--	16.72
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	--	--
(b) Bills discounted	--	--

**Note 2.33: Assets pledged as security**

The carrying amounts of assets pledged as security for current and non current borrowings are:

(₹ in lakhs)

Particulars	Notes	March 31, 2019	March 31, 2018
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	2.08	3561.04	3418.10
<b>Non-financial assets</b>			
Inventories	2.06	1907.14	1610.21
<b>Non-current assets</b>			
Land	2.01	9.07	9.07
Buildings	2.01	654.04	678.66
Plant and Equipment	2.01	16486.75	17397.37
Furniture and Fixtures	2.01	3.99	3.72
Office equipment	2.01	52.07	9.18
Vehicles	2.01	8.97	12.04

**Note 2.34: Movements in provisions**

(₹ in lakhs)

Particulars	Decommissioning liability
<b>Balance as at 01-04-2018</b>	<b>35.89</b>
Charged/ (credited) to profit/loss account	--
Additional provision recognised	--
Unused amounts reversed	--
Unwinding of discount on provisions	2.61
Amounts used during the year	--
<b>Balance as at 31-03-2019</b>	<b>38.50</b>

Provision for decommissioning liability:

Decommissioning Liability: This provision has been created for estimated costs of dismantling and removing the item and restoring the site in respect of leased premises on which the plant is super structured. The lease agreement is for a period of 30 years which is valid upto 26<sup>th</sup> June, 2019. The company has initiated the process to extend the same for a further period of 30 years, i.e., upto 26<sup>th</sup> June, 2049.

**Note 2.35: Segment information**

The Company operates only in one business segment being the manufacture of Oxo-Alcohols and there are no geographical segments to be reported.

**Note 2.36:** As per Indian Accounting Standard 24 "Related parties disclosure" the disclosure of Related parties as defined in the Standard are given hereunder:

**I. List of Related Parties:**

Sl. No.	Name of the Related Party	Relationship
1.	The Andhra Sugars Limited	Promoter
2.	Andhra Pradesh Industrial Development Corporation Limited	Promoter
3.	JOCIL Limited	A Subsidiary Company of The Andhra Sugars Limited, Promoter
4.	Sri P. Narendranath Chowdary (from 5.8.2018)	Managing Director
5.	Sri K Narasappa	President
6.	Sri P Ratna Rao	Key Management Personnel Senior General Manager (Finance) [CFO]
7.	Sri MVVSV Prasadu (from 25.5.2019)	Key Management Personnel Dy. Secretary & Asst. Manager (Finance)

**II. Transactions with the Related Parties:**

(₹ in lakhs)

Particulars	The Andhra Sugars Limited (Promoter)		JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	
	This year	Previous year	This year	Previous year
Purchase of goods from	87.73	99.93	NIL	NIL
Services received from	6.46	0.89	NIL	NIL
Interest paid on Inter-Corporate Loan taken during the year	267.62	479.67	NIL	NIL
Principal amount repaid on Inter-Corporate Loan	3000.00	1000.00	NIL	NIL

**III. Details of amount due to or due from related parties as at March 31, 2019 and March 31, 2018**

(₹ in lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>Trade Receivables</b>		
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL
Jayalakshmi Fertilisers, Tanuku (Firm in which KMP is a partner)	NIL	NIL
<b>Trade Payables</b>		
The Andhra Sugars Limited (Promoter)	NIL	NIL
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL
<b>Loans</b>		
The Andhra Sugars Limited (Promoter)	NIL	3000.00
JOCIL Limited (A Subsidiary Company of The Andhra Sugars Limited, Promoter)	NIL	NIL

The above loans carries an interest rate of 11% per annum.

**The Andhra Petrochemicals Limited**

**IV. Loans and advances in the nature of loans taken from related parties** (₹ in lakhs)

Particulars	Maximum amount outstanding	
	This year	Previous year
The Andhra Sugars Limited (Promoter)	NIL	3000.00

**V. Transactions with Key Managerial Personnel** (₹ in lakhs)

Particulars	This year			Previous year	
	Sri K.Narasappa	Sri P Ratna Rao	Sri M.V.V.S.V. Prasadu	Sri K. Narasappa	Sri P Ratna Rao
Short-term employee benefits	64.96	34.07	0.46	55.91	38.09
Post-employment gratuity and medical benefits	--	--	--	--	--
Termination benefits	--	--	--	--	--
Share-based payment transactions	--	--	--	--	--
Total compensation paid to Key Managerial Personnel	64.96	34.07	0.46	55.91	38.09

**Note :** All the aforesaid related party transactions were carried on arms' length basis

**Note 2.37: Particulars of earnings per share**

(Rs.)

Particulars	This year	Previous year
<b>Profit attributable to equity holders:</b>		
Continuing operations	698336670	465007375
Discontinued operation	--	--
<b>Profit attributable to equity holders of the parent for basic earnings</b>	698336670	465007375
Interest on convertible preference shares	--	--
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	698336670	465007375

Particulars	This year	Previous year
<b>Weighted average number of Equity Shares for basic EPS*</b>	84971600	84971600
Effect of dilution	--	--
Share options	--	--
Convertible preference shares	--	--
<b>Weighted average number of Equity Shares adjusted for the effect of dilution</b>	84971600	84971600

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity Shares or potential Equity Shares between the reporting date and the date of authorisation of these financial statements.

<b>Earnings per Equity Share (for continuing operations)</b>	This year	Previous year
a) Basic	8.22	5.47
b) Diluted	8.22	5.47

**Note 2.38: Operating Lease**

The Company's plant is super structured on leased premises. The term of the lease arrangement is 30 years which is valid upto 26<sup>th</sup> June, 2019. The leases have escalation clauses of (annual rentals fixed by the Port Trust Board on the valuation made by the District Revenue Authorities on quinquennium basis) and renewal rights. The Company has initiated the process to renew the lease agreement for a further period of 30 years and the terms of the leases are under negotiation.

(₹ in lakhs)

Particulars	This year	Previous year
Future minimum lease payments under non cancellable operating leases for each of the following periods:		
Within One Year	63.44	266.82
Later than One year but not later than Five years	--	63.60
Later than Five Years	--	--
<b>Total</b>	63.44	330.42

**Future Minimum Sublease payments expected to be received under Non-Cancellable Operating leases**

(₹ in lakhs)

Particulars	This year	Previous year
Sublease payments receivable	0.86	2.40

**Rental expenses relating to Operating Leases**

(₹ in lakhs)

Particulars	This year	Previous year
Minimum Lease Payments	264.80	18.27
Sublease payments	1.20	0.90
<b>Total Rental expenses relating to Operating Leases</b>	<b>266.00</b>	<b>19.17</b>

**Note 2.39: Impairment of Assets**

According to an internal technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of Indian Accounting Standard 36 'Impairment of Assets'

**Note 2.40: CIF value of imports**

(₹ in lakhs)

Particulars	This year	Previous year
Capital goods	--	--
Components and spare parts	776.86	431.08

**Note 2.41: Details of imported and indigeneous raw materials and spares consumed**

Particulars	This year		Previous year	
	₹ in lakhs	%	₹ in lakhs	%
<b>Raw Materials</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	46395.00	100.00	35838.77	100.00
	46395.00	100.00	35838.77	100.00
<b>Stores &amp; Spares</b>				
Imported	669.04	17.60	852.86	23.78
Indigenous	3133.28	82.40	2734.34	76.22
<b>Total</b>	<b>3802.32</b>	<b>100.00</b>	<b>3587.20</b>	<b>100.00</b>

**Note 2.42: Foreign Currency disclosures**

(₹ in lakhs)

Particulars	This year	Previous year
Expenditure in foreign currency on account of: Bank charges, Subscriptions, Foreign Tour expenses and cost of services etc.	5.79	4.80
Earnings in foreign currency:	Nil	Nil

**Note:** Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year figures.

<p><b>Per our report of even date</b></p> <p>For C V Ramana Rao &amp; Co., Chartered Accountants Firm Regn No.002917S Katyayani K Partner Membership No.: 225030</p> <p>Place: Visakhapatnam Date : 25.05.2019</p>	<p><b>For and on behalf of the Board</b></p> <p>Dr. P Kotaiah, Chairman P Narendranath Chowdary, Managing Director A A Krishnan, Director &amp; Audit Committee Chairman P Ratna Rao, Senior General Manager (Finance) [CFO] M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance)</p> <p>Hyderabad 25.05.2019</p>
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**The Andhra Petrochemicals Limited**

**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in lakhs)

31-March-2019 31-March-2018

**A) Cash Flow from Operating Activities:**

**Profit before tax for the year before exceptional items and other comprehensive income:**

Profit from continuing operations	9499.11	4725.98
Profit from discontinued operations	0.00	0.00
Profit before tax	9499.11	4725.98

*Adjustments to reconcile profit before tax to net cash flows:*

Depreciation of property, plant and equipment and amortisation	1049.46	949.27
Finance costs(including fair value change in financial instruments)	591.82	1186.54
Finance income(including fair value change in financial instruments)	(119.94)	(211.06)
Gain on disposal of property, plant and equipment	0.00	(0.12)
Gain on sale of investments-Mutual fund	(100.80)	(2.99)
Loss on sale of property, plant and equipment	0.00	23.80
Assets Written off	0.00	148.04
Unclaimed credit balances written back	(22.74)	(6.81)
Amortisation of transaction costs	8.86	23.01

Operating Profit before Working Capital changes **10905.77** 6835.66

**Working capital adjustments:**

Movements in provisions, gratuity and government grants	5.32	44.65
Decrease/ (Increase) in trade and other receivables and Pre payments	(501.58)	(382.40)
Decrease / (Increase) in inventories	(296.92)	1895.01
Increase /(Decrease) in trade and other payables	(247.55)	(1368.78)

Cash generated from operations **9865.04** 7024.14  
Income Tax (paid)/refund **(1992.60)** (983.65)

Net Cash generated in operations before extra-ordinary items **7872.44** 6040.49

**B) Cash Flow from Investing Activities:**

Proceeds from sale of property,plant and equipments	0.01	30.04
Purchase of property,plant and equipments	(67.83)	(989.58)
Development of Intangible asset	(24.33)	0.00
Intangible asset under development	0.00	(9.00)
Purchase of financial instruments	(20820.00)	(1400.00)
Proceeds from sale of financial instruments	19292.72	1402.99
Interest received	119.69	211.06

Net cash flows used in investing activities **(1499.74)** (754.49)

**C) Cash Flow from Financing Activities:**

Payment of finance lease liabilities	0.00	0.00
Interest paid	(591.81)	(1186.54)
Proceeds from borrowings	0.00	200.46
Repayments of borrowings	(5713.89)	(4171.79)

Net Cash flows/(used in) Financing Activities **(6305.70)** (5157.87)

Net increase/(decrease) in Cash & Cash equivalents (A + B + C) **67.00** 128.13

Opening balance of Cash & Cash equivalents **228.41** 100.28

Closing balance of Cash & Cash equivalents **295.41** 228.41

**Reconciliation of cash and cash equivalents as per cash flow statement:**

Cash and cash equivalents comprises of the following

(₹ in lakhs)

Particulars	31-March-2019	31-March-2018
Cash and cash equivalents	295.41	228.41
Bank Overdrafts	--	--
<b>Balance as per Statement of Cash Flows</b>	<b>295.41</b>	<b>228.41</b>

(₹ in lakhs)

Particulars	Term Loans	Cash Credit Facility	Unsecured Loans	Total
Balance as on 1 <sup>st</sup> April, 2018	2693.93	1424.59	3000.31	7118.83
Add: Proceeds from fresh borrowings	--	--	--	--
Amortised interest/transaction costs using EIR	241.25	23.27	267.30	531.82
Less: Repayments of the borrowings	1353.77	1360.11	3000.00	5713.88
Interest paid for the period	232.07	23.27	267.61	522.95
Balance as on 31 <sup>st</sup> March, 2019	<b>1349.34</b>	<b>64.48</b>	--	<b>1413.82</b>

(₹ in lakhs)

Particulars	Term Loans	Cash Credit Facility	Unsecured Loans	Total
Balance as on 1 <sup>st</sup> April, 2017	5841.50	1224.12	4001.52	11067.14
Add: Proceeds from fresh borrowings	--	200.47	--	200.47
Amortised interest/transaction costs using EIR	569.55	46.01	478.46	1094.02
Less: Repayments of the borrowings	3171.79	--	1000.00	4171.79
Interest paid for the period	545.33	46.01	479.67	1071.01
Balance as on 31 <sup>st</sup> March, 2018	<b>2693.93</b>	<b>1424.59</b>	<b>3000.31</b>	<b>7118.83</b>

<b>Per our report of even date</b>	<b>For and on behalf of the Board</b>
<b>For C V Ramana Rao &amp; Co.,</b>	<b>Dr. P Kotaiah, Chairman</b>
<b>Chartered Accountants</b>	<b>P Narendranath Chowdary, Managing Director</b>
<b>Firm Regn No.002917S</b>	<b>A A Krishnan, Director &amp; Audit Committee Chairman</b>
<b>Katyayani K</b>	<b>P Ratna Rao, Senior General Manager (Finance) [CFO]</b>
<b>Partner</b>	<b>M V V S V Prasadu, Deputy Secretary &amp; Asst. Manager (Finance)</b>
<b>Membership No.: 225030</b>	
<b>Place: Visakhapatnam</b>	<b>Hyderabad</b>
<b>Date : 25.05.2019</b>	<b>25.05.2019</b>

A. Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2019

(₹ in lakhs)

Equity share capital	As at 31-03-2019	As at 31-03-2018
Balance at the beginning of the reporting period	<b>8497.16</b>	8497.16
Changes in equity share capital during the year	--	--
Balance at the end of the reporting period	<b>8497.16</b>	8497.16

**The Andhra Petrochemicals Limited**

**B Other Equity**

(₹ in lakhs)

Particulars	Balance as on 01.04.2018	Total comprehensive income for the year	Dividends	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2019
Share application money pending allotment	--	--	--	--	--	--
Equity component of compound financial instruments	--	--	--	--	--	--
Reserves and surplus	23.37	--	--	--	--	23.37
Capital Reserve	412.63	--	--	--	--	412.63
Securities Premium Reserve	2500.00	--	--	--	--	2500.00
General Reserve	4346.49	6983.37	--	--	--	11329.86
Retained Earnings						
Debt instrument through Other Comprehensive Income	--	--	--	--	--	--
Equity Instruments through Other Comprehensive Income	10.60	(90.63)	--	--	--	(80.03)
Effective portion of Cash Flow Hedges	--	--	--	--	--	--
Revaluation Surplus	--	--	--	--	--	--
Exchange differences on translating the Financial statements of a foreign operation	--	--	--	--	--	--
Remeasurement gains/(losses) on the defined benefit obligations	(24.26)	(10.65)	--	--	--	(34.91)
<b>Total</b>	<b>7268.83</b>	<b>6882.09</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>14150.92</b>

**3. FINANCIAL INSTRUMENTS**

**3.1: Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

(₹ in lakhs)

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Cash and cash equivalents	295.41	--	--	--	--	295.41	295.41
Investments:							
Unquoted equity instruments	--	--	--	446.28	--	446.28	446.28
Investments in Mutual Funds	--	--	1628.08	--	--	1628.08	1628.08
Trade receivables	1524.30	--	--	--	2036.73	3561.03	3561.03
Loans	--	--	--	--	--	--	--
Other financial assets	440.64	--	24.80	--	--	465.44	465.44
<b>Total</b>	<b>2260.35</b>	<b>--</b>	<b>1652.88</b>	<b>446.28</b>	<b>2036.73</b>	<b>6396.24</b>	<b>--</b>
<b>Liabilities:</b>							
Trade payables	486.82	--	--	--	--	486.82	486.82
Other financial liabilities	1445.29	--	--	--	--	1445.29	1445.29
<b>Total</b>	<b>1932.11</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1932.11</b>	<b>--</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

(₹ in lakhs)

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Cash and cash equivalents	228.41	--	--	--	--	228.41	228.41
Investments:							
Unquoted equity instruments	--	--	--	536.91	--	536.91	536.91
Trade receivables	1956.39	--	--	--	1461.71	3418.10	3418.10
Loans	--	--	--	--	--	--	--
Other financial assets	359.32	--	25.18	--	--	384.50	384.50
<b>Total</b>	<b>2544.12</b>	<b>--</b>	<b>25.18</b>	<b>536.91</b>	<b>1461.71</b>	<b>4567.92</b>	<b>--</b>
<b>Liabilities:</b>							
Trade payables	569.48	--	--	--	--	569.48	569.48
Other financial liabilities	7191.66	--	--	--	--	7191.66	7191.66
<b>Total</b>	<b>7761.14</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7761.14</b>	<b>--</b>



### 3.2 Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### A) The following methods and assumptions were used to estimate the fair values

The fair value of cash and cash equivalents, trade receivables and payables, financial liabilities and assets approximate their carrying amount largely due to the short-term maturities of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values. The fair value of unquoted equity investments designated and recognised through Other Comprehensive Income has been determined by using the Income approach through the present value techniques.

#### B) Fair value hierarchy

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Level 1 hierarchy includes inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs that are observable either directly or indirectly for the asset or liability, other than quoted prices included within level 1.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

#### C) Statement showing the fair value hierarchy of the financial assets and liabilities measured at fair value on a recurring basis (₹ in lakhs)

Particulars	Fair Values as at		Fair Value Hierarchy
	31 March, 2019	31 March, 2018	
<b>Financial Assets</b>			
Trade receivables	2036.73	1461.71	Level 2
Other financial assets	24.80	25.18	Level 2
Investment in unquoted Equity Instruments	446.28	536.91	Level 3
Investment in Mutual Funds	1628.08	--	Level 1

During the year ended 31<sup>st</sup> March, 2018, the company transferred the unquoted equity instruments from Level 2 into Level 3 due to non availability of

- quoted price for similar or identical assets in the markets that are not active to the nearest date to the reporting date or
- inputs other than quoted prices that are observable for the asset.

#### D) Management's approach and the key assumptions used to determine the fair value under Level 3 hierarchy:

Income approach is the valuation technique used for determination of the fair value of the unquoted equity instruments. It converts the future expected cashflows (savings in costs) to a single discounted amount by using the Present value techniques.

Financial asset	Unobservable inputs	Value assigned to key assumption	Approach to determining key assumption
Unquoted Equity instruments in APGPCL	Annual Savings	Rs 1.87 per unit	Estimated based on company's past experience
	No. of units of power	4405535 units	Estimated that the company continues to hold the same no. of equity shares in the foreseeable future
	Cashflow forecast period	5 years	Reviewed the 5 year forecasts prepared by the technical personnel
	Long term growth rate (%)	2	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry reports.
	Discount rate (%)	13.3	Based on the company's cost of equity

#### E) Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:

Particulars	(₹ in lakhs)
<b>Balance as at 1 April, 2018</b>	536.91
Re-measurement recognised in OCI	(90.63)
Purchases	--
Reclassified in discontinued operations	--
Sales	--
<b>Balance as at 31 March, 2019</b>	<b>446.28</b>

**The Andhra Petrochemicals Limited**

**3.3: Offsetting financial assets and financial liabilities as on March 31, 2019**

(₹ in lakhs)

Particulars	Effects of offsetting on the Balance Sheet			Related amounts not set off		Net amount
	Gross amount	Gross amounts set off in the Balance Sheet	Net amounts presented in the Balance Sheet	Amounts subject to master netting arrangements	Financial instruments collateral	
<b>Financial assets</b>						
Cash and cash equivalents	295.41	--	295.41	--	--	295.41
Trade receivables	3561.04	--	3561.04	--	3561.04	--
Other financial assets	911.73	--	911.73	--	--	911.73
Derivative financial instruments	--	--	--	--	--	--
<b>Financial liabilities</b>						
Trade payables	486.82	--	486.82	--	--	486.82
Borrowings	1413.81	--	1413.81	--	3561.04	(2147.23)
Other financial liabilities	31.48	--	31.48	--	--	31.48
Derivative financial instruments	--	--	--	--	--	--

**Offsetting financial assets and financial liabilities as on March 31, 2018**

(₹ in lakhs)

Particulars	Effects of offsetting on the Balance Sheet			Related amounts not set off		Net amount
	Gross amount	Gross amounts set off in the Balance Sheet	Net amounts presented in the Balance Sheet	Amounts subject to master netting arrangements	Financial instruments collateral	
<b>Financial assets</b>						
Cash and cash equivalents	228.41	--	228.41	--	--	228.41
Trade receivables	3418.10	--	3418.10	--	3418.10	--
Other financial assets	921.41	--	921.41	--	--	921.41
Derivative financial instruments	--	--	--	--	--	--
<b>Financial liabilities</b>						
Trade payables	569.48	--	569.48	--	--	569.48
Borrowings	7118.83	--	7118.83	--	3418.10	3700.73
Other financial liabilities	72.83	--	72.83	--	--	72.83
Derivative financial instruments	--	--	--	--	--	--

Under the terms of supply agreements the sales were made against LCs. Bills discounted with banks are being offsetted against trade receivables while presenting in the Balance Sheet.

**3.4 Financial risk management framework**

A) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**The risk management framework aims at,**

- i) Improve financial risk awareness and risk transparency
- ii) Identify, control and monitor key risks
- iii) Identify risk accumulations
- iv) Provide management with reliable information on the Company's risk situation
- v) Improve financial returns

B) The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, credit ratings	Credit Limits and Letters of Credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – Interest rate	Long term borrowings at fixed rates for one year	Sensitivity analysis	Credit rating
Market risk- Commercial risk	Price variations	Sensitivity analysis	Product manufacturing planning

**a) Credit risk:**

i) Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), from cash and cash equivalents, deposits with banks. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

**ii) Financial assets that are neither past due nor impaired**

Cash and cash equivalents, deposits with banks, security deposits, investments in securities & mutual funds are neither past due nor impaired. Cash and cash equivalents, deposits are held with banks which are reputed and credit worthy banking institutions. Hence the expected credit loss is negligible. Investments in securities & mutual funds are actively traded in the stock markets and there is no collateral held against these because the counterparties are entities with high credit ratings assigned by the various credit rating agencies. Hence the expected credit loss is negligible.

**iii) Financial assets that are past due but not impaired**

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 45 days. All trade receivables are reviewed and assessed for default on a quarterly basis. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss (%)
Within the Credit Period	0%
Upto 60 days past due	0.25%
60-90 days past due	0.5%
More than 90 days past due	1%

**b) Liquidity risk:**

i) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit line to meet obligations. Due to the dynamic nature of underlying business, company maintains flexibility in funding by maintaining availability under committed credit lines.

ii) Maturities of financial liabilities

The table below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

**As on March 31, 2019**

(₹ in lakhs)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
<b>Non-derivatives</b>				
Borrowings	64.48	--	558.50	622.98
Trade payables	486.82	--	--	486.82
Other financial liabilities	417.31	400.00	5.00	822.31

**The Andhra Petrochemicals Limited**

As on March 31, 2018

(₹ in lakhs)

Current maturities of financial liabilities	Less than 6 months	6 months to 12 months	Greater than 12 months	Total
<b>Non-derivatives</b>				
Borrowings	1424.59	--	1360.19	2784.78
Trade payables	446.01	120.30	3.16	569.47
Other financial liabilities	812.28	3589.60	5.00	4406.88

**c) Market Risk**

**i) Interest Rate Risk -**

The company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Sensitivity to changes in interest rates

(₹ in lakhs)

Particulars	Impact on profit	
	FY 2018-19	FY 2017-18
Sensitivity Analysis of Borrowings		
Rate of Interest Increase by 1%		
Term Loans	(19.32)	(41.53)
Cash Credit Loans	(2.05)	(3.55)
	(21.37)	(45.08)
Rate of Interest Decrease by 1%		
Term Loans	19.32	41.53
Cash Credit Loans	2.05	3.55
	21.37	45.08

**ii) Commercial risk -**

The commercial risk is the risk due to the change in market prices of raw materials and finished goods and it is measured through sensitivity analysis by taking variance of 5%

1. Selling price risk

(₹ in lakhs)

Particulars	Impact on profit	
	FY 2018-19	FY 2017-18
Selling Price Increase by 5%		
2-Ethyl Hexanol	2445.52	1958.67
Butanols	883.79	632.33
	3329.31	2591.00
Selling Price Decrease by 5%		
2-Ethyl Hexanol	(2445.52)	(1958.67)
Butanols	(883.79)	(632.33)
	(3329.31)	(2591.00)

2. Raw materials price risk

(₹ in lakhs)

Particulars	Impact on profit	
	FY 2018-19	FY 2017-18
Propylene Price Increase by 5%	(1642.94)	(1248.37)
Naphtha Price Increase by 5%	(676.81)	(543.57)
	(2319.75)	(1791.94)
Propylene Price Decrease by 5%	1642.94	1248.37
Naphtha Price Decrease by 5%	676.81	543.57
	2319.75	1791.94

### 3.5: Capital management

The company's objectives when managing capital is to safeguard their ability to continue as a going concern, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The company sets the amount of capital required on the basis of annual business and long term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The company tries to maintain an optimal capital structure to reduce cost of capital and monitors capital on the basis of debt-equity ratio.

#### Debt Equity Ratio

(₹ in lakhs)

Particulars	FY 2018-19	FY 2017-18
Debt		
Borrowings - Non-current	558.50	1360.19
Current maturities of long-term debt	790.83	4334.05
<b>Total Debt</b>	<b>1349.33</b>	<b>5694.24</b>
Equity Share Capital	8497.16	8497.16
Other Equity	14150.92	7268.83
<b>Total Equity</b>	<b>22648.08</b>	<b>15765.99</b>
Debt to equity Ratio	0.06	0.36

#### Note. 4 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

##### 4.1 Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

##### 4.2 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### 4.3 Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### 4.4 Operating Lease

The Company has taken on lease a commercial property for its business operations and the lease rentals for the property are subject to escalations during the tenure of lease. However, as these escalations were in the nature of general inflation to compensate for the lessor's expected inflationary cost increase, the company is directly charging the lease payments to the statement of profit and loss instead of following straight line method of charging lease payments.

##### 4.5 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

##### 4.6 Employee benefits (gratuity and compensated absences)

The cost of the defined benefit plans and the present value of the gratuity/compensated absences obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## ***The Andhra Petrochemicals Limited***

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

### **4.7 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **4.8 Provision for decommissioning**

The company has recognised a provision for decommissioning obligations associated with the leased premises on which the plant is super structured. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

### **4.9 Contingencies**

Management judgement is required for estimating the possible inflow/ outflow of resources, if any, in respect of contingencies/ claims/ litigations against the Company/ by the Company as it is not possible to predict the outcome of pending matters with accuracy.

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**THE ANDHRA PETROCHEMICALS LIMITED**

CIN: L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, TANUKU - 534215

W.G. District, Andhra Pradesh

Phone: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com Website:www.andhrapetrochemicals.com

Dt. 25.5.2019

Dear Shareholder,

**Sub : Updation of PAN & Bank details  
of shareholders holding shares in physical form - reg.**

\*\*\*

We draw your kind attention to the Circular issued by Securities and Exchange Board of India (SEBI) No.SEBI/HO/MIRSD/DOP1/2018/73 dated 20.4.2018. Vide that Circular SEBI had directed all the listed companies to send a communication to all its **shareholders holding shares in physical form** and obtain copy of PANs of all the shareholders and Bank account details of the first / sole shareholder of the Company.

**To enable us to update the PAN and Bank account details, we request you to kindly submit, if you have not submitted earlier, the following documents within 21 days of receipt of this letter:**

- **Copy of self-attested PAN card of the shareholders, including joint holders, if any, in the attached format**
- **Bank Account details of the first / sole shareholder, as per the Bank Mandate Form attached**
- **Original cancelled cheque leaf with the name of the first / sole shareholder printed on it or copy of bank pass book showing name & account details of the account holder attested by the bank**

In case of dividend declarations by the Company, all dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you. It is not out of place to mention here that under Section 124 (6) of the Companies Act, 2013 if dividends remain unpaid / unclaimed for a period of 7 consecutive years, then, the underlying shares are also liable to be transferred to the account of IEPF Authority.

Further, we invite your attention to the ammended SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the effect that **no physical transfer of shares with effect from 1.4.2019. All the transfers after the specified date shall be through demat / electronic form only.**

We request you to kindly arrange to **send, if you have not sent earlier, the first / sole shareholder's e-mail ID**, as per the format attached (for sending future communications).

**Duly filled in attached form with enclosures shall be sent to our Registrars and Share Transfer Agents at the following Address:**

M/s X L Softech Systems Ltd.,  
(Unit: The Andhra Petrochemicals Ltd)  
3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034  
E-mail ID: xlfield@gmail.com Website: www.xlsoftech.com

Thanking you,

Yours faithfully,

For **The Andhra Petrochemicals Limited**

Sd/-

**M V V S V Prasadu**

**Deputy Secretary & Asst. Manager (Finance)**



**PAN MANDATE FORM**

Name of the Company	<b>THE ANDHRA PETROCHEMICALS LIMITED</b>
Folio No. & Present Address	

First / Sole Shareholder Name	PAN 1																			
First Jt. holder Name	PAN 2																			
Second Jt. holder Name	PAN 3																			

(SELF-ATTESTED COPIES OF PAN CARD ENCLOSED HEREWITH)

**BANK MANDATE FORM**

<b>Name of the Bank</b>																				
<b>Branch Name &amp; Address</b>																				
<b>Bank A/c. type (SB A/c. / Current A/c)</b>																				
<b>Bank A/c. No.</b>																				
<b>Bank MICR ECS Code No.</b>																				
<b>Bank IFSC Code</b>																				

(ORIGINAL CANCELLED CHEQUE LEAF WITH THE NAME OF SHARE HOLDER PRINTED THEREON IS ATTACHED HEREWITH)

**E-MAIL REGISTRATION FORM**

<b>E-mail ID</b>																				
<b>Telephone No. / Mobile No.</b>																				

I hereby

- a. State that the particulars of PAN & Bank Account Details are correct and complete
- b. Authorise the Company / RTA to credit my dividend on the shares held by me directly to my bank Account mentioned herein above
- c. Convey my consent to receive all communications, Annual Report / Notice of the meetings from the Company through E-mail rather than hard copy.

**Signature of the first / sole shareholder :** \_\_\_\_\_



**THE ANDHRA PETROCHEMICALS LIMITED**

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215  
W.G.District, Andhra Pradesh

Phone Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com

**35<sup>th</sup> Annual General Meeting  
PROXY FORM**

Name of the Member (s) :  
Registered address :

E-mail ID :  
Folio No. / DP ID-Client ID No. :

I/We, being the member(s) of ..... shares of the above named Company hereby appoint :

- (1) Name : ..... Address : .....  
E-mail ID ..... Signature ..... or failing him
- (2) Name : ..... Address : .....  
E-mail ID ..... Signature ..... or failing him
- (3) Name : ..... Address : .....  
E-mail ID ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 10<sup>th</sup> July, 2019 at 3:00 p.m. at the Registered Office and at any adjournment thereof in respect of such Resolutions as are indicated below:

**Ordinary Business:**

- 1. Adoption of Audited Financial Statements for the Year ended 31<sup>st</sup> March, 2019 and reports of Board of Directors and Auditors thereon.
- 2. Approval of Dividend on Equity Shares for the year 2018-19.
- 3. Reappointment of Sri Mullapudi Thimmaraja (DIN 00016711) as Director.
- 4. Reappointment of Dr. Solomon Arokiaraj, I.A.S., (DIN 06802660) as Director.
- 5. Fixation of remuneration of Statutory Auditors, M/s. C.V. Ramana Rao & Co., Chartered Accountants (Firm Regn. No. 002917S) for the Financial Year 2019-20.

**Special Business:**

- 6. Ordinary Resolution for ratification of remuneration of M/s. Narasimha Murthy & Co., Cost Accountants, (Regn. No. 000042) as Cost Auditors for the Financial Year 2019-20.
- 7. Special Resolution for appointment of Sri P. Venkateswara Rao (DIN 06387165) as an Independent Director for a period of 5 years from conclusion of 35<sup>th</sup> AGM till conclusion of 40<sup>th</sup> AGM.
- 8. Special Resolution to enable Dr. V. N. Rao (DIN 00861884) to hold his current tenure of Directorship till the date of his retirement by rotation.
- 9. Special Resolution for appointment of Sri A.A. Krishnan (DIN 00086374) as an Independent Director for a further period of 2 years from the conclusion of 35<sup>th</sup> AGM till the conclusion of 37<sup>th</sup> AGM
- 10. Special Resolution for appointment of Sri M. Gopalakrishna, I.A.S., (Retd.) (DIN 00088454) as an Independent Director for a period of 5 years from the conclusion of 35<sup>th</sup> AGM till the conclusion of 40<sup>th</sup> AGM.

Signed this ..... day of ..... 2019

Signature of Shareholder (s) .....  
Signature of Proxy holder(s) .....



**Note :** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**E-voting Particulars :**

PAN/Sequence No.	User ID (Demat No./Folio No.)	Bank Account Details as available with the Company or Folio No.



**THE ANDHRA PETROCHEMICALS LIMITED**

CIN : L23209AP1984PLC004635

Regd. Office: Venkatarayapuram, Tanuku - 534215  
W.G.District, Andhra Pradesh

Phones Nos.: 08819-224075 & 220975, Fax: 08819-224168

E-mail: info.tnk@andhrapetrochemicals.com, Website: www.andhrapetrochemicals.com



Folio No. / DP ID & Client ID No.

Name of the Member .....

No. of Shares held .....

Name of Proxy .....

(to be filled in only when a Proxy attends the Meeting)

I hereby register my presence at the 35<sup>th</sup> ANNUAL GENERAL MEETING being held on Wednesday, the 10<sup>th</sup> July, 2019 at 3:00 p.m.

.....  
Signature of Member / Proxy

\* This Slip may please be handed over at the entrance of Meeting Hall.

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**PRINTED MATTER**

**To**

If undelivered, please return to :  
**The Andhra Petrochemicals Limited,**  
Venkatarayapuram,  
Tanuku - 534 215,  
West Godavari Dist.,  
Andhra Pradesh.